

**CRISIS PREPAREDNESS AMONG COMPANIES
IN SINGAPORE AND HONG KONG**

DAI SHIYAN

NATIONAL UNIVERSITY OF SINGAPORE

2003

**CRISIS PREPAREDNESS AMONG COMPANIES
IN SINGAPORE AND HONG KONG**

**DAI SHIYAN
(MBA, M.A.)**

**A THESIS SUBMITTED
FOR THE DEGREE OF DOCTOR OF PHILISOPHY
DEPARTMENT OF MANAGEMENT AND ORGANISATION
NATIONAL UNIVERSITY OF SINGAPORE**

2003

ACKNOWLEDGEMENTS

Looking back, I have found the past few years a very special and significant learning process in my life. I am aware that my present study would not have been completed without the constant and generous support and encouragement from many people.

First of all, I would like to express my heartfelt gratitude to my first supervisor, Dr. Wu Wei. It was he, together with Dr. Anthony Tseng, who first encouraged me and helped me make up my mind about embarking upon this demanding but rewarding journey of advanced learning in my life. Throughout my studies and research, Dr. Wu has always been ready to provide me with valuable intellectual inputs and meaningful supervision. Concurrently, he has frequently shown me generous support in my efforts to overcome problems and difficulties in my research. Over the past few years, we worked together on a few papers and succeeded in presenting them on three international academic conferences. The experiences enabled me to learn directly from him good strategies and approaches for research data analysis and academic paper writing, thus broadening my academic perspectives and enriching my academic experience. Throughout my pursuit of the Ph.D., Dr. Wu has proved to be my good mentor.

I also wish to express my special gratitude to Dr. Audrey Chia, my second supervisor, for her generous and valuable help and guidance in my doctoral dissertation composition, especially at the final and critical stage. Her valuable intellectual inputs and insightful guidance have helped me sustain my passion and efforts throughout the tedious but crucial period of amending and polishing my dissertation.

I am also grateful to the members of my thesis committee, Dr. Chong Chee Leong and Dr. William Koh for their meaningful support and encouragement in my studies and research. Their insightful comments and suggestions regarding some conceptual and methodological issues in my research at the initial stage benefited me considerably in helping sharpen the focus of this study and lay a good foundation for subsequent progress. Dr. Hui Tak Kee, Dr. Lu Ding and Dr. Yang Zhenlin also deserve my sincere thanks for their helpful suggestions on the methods for data processing and analysis. In addition, I wish to thank National University of Singapore for providing the research funding for the two surveys and data collection for this study.

There are many other people who deserve special credit for their constant support and encouragement throughout my studies and research. They include Dr. Kulwant Singh, Dr. Glenn Nosworthy, Dr. N. Rao Kowtha, Dr. Vivien Lim, Dr. Lim Ghee Soon, and Dr. Anthony Tseng. They have frequently shown kind concern about my research progress and career prospects.

I also want to express many thanks to a group of friends and fellow postgraduates, such as He Zilin, Zhu Hong and Mark E. Barnard, for their kind assistance whenever I turned to them for help.

Meanwhile, my brother, Shifan, an epidemiologist in the Centers for Diseases Control and Prevention, USA, deserves my special credit for his valuable help in my data processing and analysis.

Finally, I especially wish to thank my wife, Hong, and my two children, Shuohan and Liyang, for their support and love throughout all these years.

TABLE OF CONTENTS

Acknowledgements.....	i
Table of Contents	ii
List of Figures and Tables	vi
Summary	vii
Chapter 1 Introduction	1
1.1 Purpose of the Study	1
1.2 Rationale for Selecting Singapore and Hong Kong in Present Study	4
1.3 Theoretical Foundations	10
1.4 Research Questions	23
1.5 Expected Contribution	24
1.6 Summary and Organisation of the Dissertation	25
Chapter 2 Literature Review	27
2.1 Crisis Management in Asia.....	27
2.2 Crisis Management in Singapore and Hong Kong	31
2.2.1 Singapore	31
2.2.2 Crisis management in Singapore	32
2.2.3 Hong Kong	34
2.2.4 Crisis management in Hong Kong	35
2.3 Culture and Crisis Management in Singapore and Hong Kong	37
2.3.1 Crisis culture in Singapore	38
2.3.2 Crisis culture in Hong Kong	39

2.4	Role of the Government	42
2.4.1	Government in Singapore	43
2.4.2	Government in Hong Kong	47
2.5	News Media in Singapore and Hong Kong	51
2.5.1	News media in Singapore	52
2.5.2	News media in Hong Kong	54
2.6	Summary	57
Chapter 3	Conceptual Framework and Hypotheses	58
3.1	Conceptual Framework	58
3.2	Research Hypotheses	62
Chapter 4	Methodology	80
4.1	Survey Design	80
4.2	Sampling and Data Collection	83
4.3	Questionnaire Design	86
4.4	Research Variables	89
4.4.1	Dependent variable for overall crisis preparedness	89
4.4.2	Explanatory variables	89
4.5	Data Analysis Methods	98
Chapter 5	Results and Discussion	103
5.1	Basic Characteristics of Respondents and their Companies	103
5.1.1	Brief profile of respondents interviewed	103

5.1.2	Overall profile of the companies surveyed	105
5.2	Overall Crisis Preparedness	108
5.3	Organisational Variables and Crisis Preparedness	111
5.3.1	Prior crisis experience and crisis preparedness	111
5.3.2	Company size and crisis preparedness	114
5.3.3	Age of companies and crisis preparedness	115
5.3.4	Ownership and crisis preparedness	117
5.3.5	Industrial sector and crisis preparedness	118
5.4	Crisis Perception and Awareness and Crisis Preparedness	120
5.4.1	Managers' crisis perceptions and crisis preparedness	120
5.4.2	Organisational members' crisis role awareness and crisis preparedness.	126
5.5	Impact of Government's Role on Crisis Preparedness	128
5.6	Impact of News Media on Crisis Preparedness	132
5.7	Multiple Regression Analysis	135
5.7.1	Effects of organizational factors on crisis preparedness	139
5.7.2	Effects of organizational people's perceptions on crisis preparedness ...	146
5.7.3	Effects of media factor on crisis preparedness	148
5.8	Summary	150
Chapter 6	Conclusion	153
6.1	Summary of Major Findings of the Current Study	153
6.2	Limitations of the Current Study	157
6.3	Suggestions for Future Research	159
6.4	Concluding Remarks	160

BIBLIOGRAPHY	163
APPENDIX A Questionnaire Used in Singapore and Hong Kong	173

LIST OF FIGURES AND TABLES

	Page
Figure 1.1	Five-phase crisis management model by Pauchant and Mitroff15
Figure 3.1	Conceptual framework for relationship between company's crisis preparedness and its relevant predicting factors 61
Table 1.1	An array of organisational crises 13
Table 3.1	A List of hypothesis and their related research questions 79
Table 4.1	Summary of explanatory variables for companies' crisis preparedness..102
Table 5.1	Basic characteristics of respondents interviewed 104
Table 5.2	Overall profile of companies surveyed106
Table 5.3	Comparison of crisis preparations between Singapore and Hong Kong Companies 109
Table 5.4	Mean scores of crisis preparedness versus company variables.....112
Table 5.5	Means comparison of crisis awareness and perception121
Table 5.6	Comparison of crisis preparedness means and managers' crisis perceptions 123
Table 5.7	Comparison of organisational members' crisis role awareness versus crisis preparedness means126
Table 5.8	Crisis less likely in comparison with average companies in the USA 129
Table 5.9	Comparison of companies' perceived media attitude towards their companies when hit by a crisis versus their companies' crisis preparedness133
Table 5.10	Comparison of companies' perceived media role versus crisis preparedness134
Table 5.11	Results of multiple regression analysis 137

SUMMARY

Crises, which occur in a great variety of forms, have become an integral feature of modern society. Crisis management (CM) has become an increasingly crucial part of successful business management in today's fast changing and crisis-ridden environment. Whereas CM has been a popular and evolving area for academics and professionals over the past few dozens of years with lots of empirical and conceptual studies from a variety of perspectives, very limited attention and effort has been attempted in this important area in an Asian context.

The present study has probably served as the first attempt, or at least one of the first few attempts, of an empirical nature to explore and examine some realities regarding the present CM situation among business companies in an Asian context. Specifically, my study has been based on the personal interviews in two surveys with business managers and executives from a total of 413 business companies in Singapore and Hong Kong. The study investigated and examined companies' existing status of crisis preparedness, which is very essential in the whole CM repertoire. A dozen factors related to organisational and environmental characteristics and people's perceptions have been examined and measured for their actual association and effect on companies' overall crisis preparedness in Singapore and Hong Kong.

The findings of this empirical and exploratory study have indicated that the overall level of crisis preparedness among business companies in Singapore and Hong Kong is on the whole not up to the desirable standard, especially among the companies in Hong Kong. The results of the current study have shown that very few of those factors under examination were capable of influencing companies' crisis preparedness with the same effect across the two different regions. The government's role and people's crisis perceptions were not found to have any direct and significant impact on companies' crisis preparedness in either of the two regions as initially predicted. However, evidence from this study suggests there may be false security or over-confidence among managers and/or senior executives in both Singapore and Hong Kong. Given that the study was conducted after the devastating Asian financial crisis and relatively low level of crisis preparedness among the companies surveyed, this overconfidence is quite surprising. It

can be detrimental to companies' crisis preparedness and other CM efforts and practices. Therefore, my study calls for wide concern and attention from both academics and professionals.

After a summary of the findings based on the data analysis and interpretation, I conclude by discussing the limitations of the current study. At the same time, some possible areas for further research in this important area of CM is also proposed and discussed.

CHAPTER 1

INTRODUCTION

1.1 Purpose of the study

Businesses abound with crises. All organisations face crises at one point or another. Nearly 90 per cent of the chief executive officers of Fortune 500 companies reportedly believed that a business crisis was as “inevitable as death and taxes” (Fink, 1986). Crises are built into the very fabric and fiber of the new information age and have become an inevitable and integral feature of the modern world (Mitroff and Anagnos, 2001).

Organisational crises often put the integrity and survival of companies involved to a severe test (Cooper, 1981; Patterson, 1993). Without proper crisis planning and preparation, an organisation may unfortunately end up paying an exorbitant price in the aftermath of an unexpected crisis. In October 2002, Singapore Mass Rapid Transport encountered one major crisis. It was covered prominently by the local news media after a wheel fell off a light train damaging the tracks and resulting in the break-down and shut-down for a couple of days of its light train service operation. Despite the company’s efforts to resume the service operation, its insufficient preparations to respond to the crisis obviously resulted in company’s reputation and general public’s confidence in its quality services being much affected. Numerous crises cases have pointed to the stark truth that crisis management (CM) has become an increasingly vital and indispensable part of modern business management and that sufficient planning and preparation in advance for crises will enable organisations to cope with and survive an unexpected crisis with minimum costs.

In Western countries, CM has been a popular topic over the past dozen years and academics and practitioners have conducted a great many conceptual and empirical studies of it from a variety of perspectives (e.g., Augustine, 2000; Barton, 1993 and 2001; Callan, 2002; Gonzalez-Herrero and Pratt, 1996; Lagadec, 1990, 1993; Mitroff and Anagnos, 2001; Mitroff, Pauchant and Shrivastava, 1988; Pearson and Clair, 1998; Pearson and Mitroff, 1993; Perrow, 1984; Reilly, 1987; Roberts, 1990; Schwartz, 1987; Shrivastava, 1993; Toigo, 2003; Weick, 1988; and Wisenblit, 1989). Consequently, there has existed a prolific and evolving CM literature and a long list of books on the subject, which may have helped managers and practitioners in Western countries develop insights about the nature and impact of organisational crises as well as the importance of CM endeavours. Meanwhile, it may also have helped promote the crisis awareness and CM practices across business and industrial sectors.

“Crisis recognizes no boundaries” (Barton, 1993: 3) and it strikes large and small organisations in the West and East alike. However, very little research has been done on CM in an Asian setting. We do not know much about the reality of CM perception and practices among companies in Asia, even after the last devastating Asian financial crisis, which has nevertheless served as an unforgettable and classic lesson about the importance of CM.

In a cover story of Asian Business, Asian companies were generally described as being unprepared for crises and even reluctant to think about crises (MacKenzie, 1994). A reason often cited by managers for lack of crisis preparation is that there was no need for such planning when business was good. Ruidl (1997) pointed out that this opinion goes in agreement with what Meyer (1986: xiv) noted about the “tough sell” of a crisis package in business boom times. He wrote, “Most executives I have found do not like to

think about crises. Those I have spoken with over the years avoid talking about the subject, even if it is clear that their companies have been through one. They equate a crisis with bad management; things like that just didn't happen on their watch.”

Asia is now playing an increasingly important role in the world, economically and otherwise. Amid the rapid globalisation and development of information and communication technologies, more and more Asian companies have moved to become regional and/or global players. In a fast changing and crisis-ridden current environment, companies have all the more reason to initiate or strengthen their CM endeavours, making plans and preparations for any unexpected crisis, if they want to cope well and survive.

The present study attempts to explore and uncover some realities of the present CM situation among business companies in Asia. Specifically, it aims to focus on examining the business companies in Singapore and Hong Kong in terms of their levels of crisis preparedness and exploring some major factors influencing companies' crisis preparedness in the two regions.¹ Crisis preparedness is an essential and integral issue in the whole CM repertoire. It is expected that the findings and conclusions in this study will be able to provide some new and helpful insights, both empirically and conceptually, about the importance of crisis preparedness and effective CM in an Asian context. In the following sections, a rationale for selecting Singapore and Hong Kong will first be presented, and then follows a concise introduction of the theoretical foundations of this empirical and exploratory study. Next, the research questions for this dissertation will be

¹ Both Singapore and Hong Kong are well-known in the past decades as newly industrialized economies in East Asia. Singapore is an independent country with the official full name as the Republic of Singapore, while Hong Kong is now the Special Administrative Region of the People's Republic of China. For the sake of convenience, a generic term “region” or “place” will be used throughout this dissertation to refer to both Singapore and Hong Kong.

described. After that, a discussion of the expected contributions of the current study will be presented.

1.2 Rationale for selecting Singapore and Hong Kong in present study

Singapore and Hong Kong are two places in Asia well known for their rapid and sustained economic growth in most of the past three decades and also for their increasing prominence as dynamic urban platforms for business and monetary activities. The former is a city state with a population of 4.1 million (Yearbook of Statistics Singapore, 2002) while the latter is now the Special Administration Region (SAR) of the People's Republic of China with a population of almost seven million (Pritchard, 2001: 101). Hong Kong, after having been under the British rule for over 150 years, was handed back on July 1, 1997 to the sovereignty of China.

The two places are selected for this study primarily for a number of reasons presented below.

Singapore and Hong Kong have a number of prominent and interesting similarities as well as marked differences in several areas. The most obvious similarities of the two industrialized economies include the following:

- (1) Singapore and Hong Kong have succeeded in sustaining the rapid economic development for more than three decades. "Between 1960 and 1985 both economies grew at an average annual rate of slightly over six per cent of gross domestic product (GDP) per capita. In 1970 both had similarly high GDP per capita of about US\$3,000, and both have now joined the leagues of the richest countries in the world" (Weder, 1999: 79). With their astonishing economic achievement, both have long been regarded as newly industrialized economies in

East Asia and ranked among the popular “Four Asian Dragons” with South Korea and Taiwan (Khan, 1997: 88). Meanwhile, the two economies have been able to maintain a dynamic business arena driven by the mechanisms of customer- and market-orientation. The two places “have also been characterized by enduring prosperity and entrepreneurial spirit for at least three generations (Taormina, 1998: 474).” Moreover, both “have developed into major regional hubs and financial centers and have become focal points of global economic integration” (Khor, 1997: 136).

- (2) Singapore and Hong Kong are both dominated by the ethnic Chinese people, with the approximate proportions being respectively 77 per cent (Yearbook of Statistics Singapore, 2002) and 98 per cent (Taormina, 1998: 471). As a consequence, the business companies operating in these two places will be influenced by the similar traditional Chinese cultural values associated with the so-called Confucian dynamism, as identified and defined by Hofstede and Bond (1988). The term Confucian dynamism refers to the values such as persistence and thrift which come from the teachings of Confucius, an ancient Chinese philosopher (551-479 B.C.). Confucian dynamism is meant to deal with the time perspective in a society for the gratification of people’s needs (Hofstede, 1991). A high index of Confucian dynamism society is one which stresses, in addition to thrift and perseverance, loyalty, stability and a long-term orientation while a low index of Confucian dynamism society is one which emphasizes gratifying needs here and now and adopting a short-term orientation (Hofstede, 1991). Hofstede and Bond (1988) found that the Confucian dynamism has contributed greatly to the remarkable economic accomplishment of Singapore, Hong Kong and Taiwan

over the past many years. Based on the five-dimension criteria developed by Hofstede and Bond (Hofstede, 1980; Hofstede and Bond, 1988), the city state and the Special Administrative Region, together with Taiwan, are usually grouped into the same cluster of cultural homogeneity (Ronen and Shenkar, 1985). That is, apart from the pervasive Confucian influence, the three places are generally characterized by high power distance, low uncertainty avoidance, high collectivism and modest masculinity.

- (3) Both Singapore and Hong Kong used to be trading ports under British rule for a century (Taormina, 1998). The prolonged Western presence has brought the two places under the influence of the Western business practices and cultural values. The two places have usually been thought of as a bridge linking up the West and the East.
- (4) Singapore and Hong Kong have long aspired and competed to become the most advanced regional hub in a variety of areas including banking and finance, information, innovation and high technology, and foreign trade and investment. Due to their strategic geographical location, advanced infrastructure, sound legal system and stable environment, both places have become an attractive and dynamic arena for business and commercial activities by companies not only from Asia but also from the rest of the world.

Despite their similarities as mentioned above, however, Singapore and Hong Kong also appear to have differences from each other in quite a few aspects.

First of all, the role of government in the economic and business advancement has been regarded by many as a prominent and significant difference between the two

economies. In Singapore, the government is generally thought of as being more proactive and dominant in fostering an environment conducive to economic and business development in different periods of time. The government always “plays a pivotal role in leading the country’s industrialization” (Vogel, 1991). The strategies and policies the government put forward are often found to be particularly supportive to the growth of certain particular industrial enterprises for different periods of time, which is believed to be in the best interests of the island state as a whole in its long run. Consequently, it is observed that the enterprises and the public in Singapore, when facing any economic difficult period (e.g. the Asian financial crisis in the late 1990s and the economic recession in 2001), tend to count on the government to provide extra helpful policies and measures to help deal with difficulties and challenges. Singapore government has played a more proactive role in fostering an environment that is conducive to doing businesses (Khor, 1997:136).

In contrast, “the government influence and control in Hong Kong has been minimal”, as noted by Paik et al (1996:27), in their comparative study of cultural impact on human resources management in Hong Kong, Taiwan and Singapore. “Hong Kong is known for its laissez-faire policy of minimal government intervention and regulation” (Khor, 1997: 136). An Asian Business cover story once indicated that the predictable government minimal intervention together with a sound legal system had enabled business people to adapt to and capitalise on a wildly unpredictable business environment (Leung, 1998). However, this special context has been considered by many people as being relatively conducive to cultivating entrepreneurial spirit in an effective way.

Even though Singapore and Hong Kong have been grouped into the same cluster of Chinese-based cultural similarity (Ronen and Shenkar, 1996), the disparity of the two

within the dimension of the Confucian dynamism index values is nevertheless apparent. For example, in the ranking of the 22 countries for the Confucian dynamism index values, Hong Kong is ranked on the top scoring an index value of 96, while Singapore stays in the middle with the index value of 48 (Hofstede and Bond, 1988).

Likewise, Hong Kong and Singapore are both ranked low in the dimension of uncertainty avoidance index (UAI) values based on Hofstede's research and criteria, but again there exists a considerable difference within the dimension between the two, with Hong Kong having the UAI value at 29 while Singapore's UAI at 8 (Hofstede, 1980:315). This dimension reflects the extent to which people feel worried or threatened by ambiguous situations. A high index value indicates people's strong risk/uncertainty aversion propensity, while low index value reflects people's strong tolerance to uncertainty or risk situations. All these differences in their cultural dimensions may possibly be reflected in the perceptions and behaviours of the people including businessmen in the two places.

The news media in Singapore and Hong Kong are generally perceived to differ considerably in aggressiveness, coverage style, credibility and influence, social responsibility, government restriction and media competition. Media relations plays an extremely crucial part in the success of an organisation's crisis management and communication. To many managers in Asia, it is often not a crisis until the media show up (MacKenzie, 1994). Although a large part of handling the immediate crisis situation is in most cases dealing with the media, an intrusive press at a time of crisis is to many bosses the ultimate horror (MacKenzie, 1994). "The press is 70% of our crisis plan," says the public relations manager of Asia/Pacific for Hyatt International Hotels (MacKenzie, 1994). A company cannot expect to be sufficiently prepared for a crisis

without healthy and effective communication and cooperation with the media. In fact, proper practices for communicating and dealing with the news media have not become an indispensable part in every effective CM plan.

The differences between Singapore and Hong Kong mentioned above and possibly some others yet to be uncovered will be reflected among the business managers in their perceptions of crises and handling of CM planning and preparation. As a result, they may lead to different degrees of preparedness among companies in the two places for coping with crises.

One the other hand, despite the similarities between Singapore and Hong Kong mentioned above, past empirical and theoretical studies in social sciences and management and organisational behaviour have already obtained evidence indicating that the two places can still produce different outcomes in many areas (Lowe, 1996; McDonald and Kan, 1997; Paik, et al., 1996; Siu, 2000; Taormina, 1998). The conclusion based on the past studies has also helped attest to the reality that Asia is not monolithic in many ways, and probably not monolithic in CM and crisis preparedness among business companies across the region.

All the significant similarities and differences between Singapore and Hong Kong discussed above have provided a prerequisite and important grounding for the current empirical and exploratory study. They will enable this study to come up with some significant findings and insights about the crisis preparedness and CM endeavours among the companies in the two places.

1.3 Theoretical foundations

Organisational crises. It is advisable to start with a clear definition of the term a crisis. Many academics and practitioners have attempted to define it in a way that best serve the objective from their perspective, and a classic definition by Hermann (1963), which is often cited as a useful starting point for a more detailed definition, provides a set of three characteristics of a crisis: a surprise to organisational members, a threat to high priority goals, and a limited time for response. Heath (1998) points out that a crisis situation involves a threat to resources and people, a loss of control and visible and/or invisible effects on people, resources and organisation. Pauchant and Mitroff (1992: 12) take on a comprehensive perspective by defining a crisis as “a disruption that physically affects a system as a whole and threatens its basic assumptions, its subjective sense of self, its existential core.” Fink (1986: 15) simply defines a crisis as a “turning point for better or worse.” Clearly, a crisis can well be regarded as “an emergency, as a condition or situation requiring urgent action or attention” (York, 2001: 40).

Likewise, organisational crisis has been described by many researchers from various perspectives or disciplinary approaches in the past many years (Pearson and Clair, 1998). Weick (1988:305) defines an organisational crisis as “low probability and high consequence events that threaten the most fundamental goals of the organisation.” Pauchant and Mitroff (1992) describe it as any event that destroys or affects an entire organisation. Viewing it more in terms of its consequence, Barton (1993: 2) describes an organisational crisis as “a major and unpredictable event that has potentially negative results. The event and its aftermath may significantly damage an organisation and its employees, products, services, financial condition, and reputation”.

Looking from the perspective of crisis impact and interaction between the society and an organisation amid crisis, Irvine and Millar (1996) define an organisational crisis as a significant disruption that stimulates extensive news media coverage and public scrutiny that disrupts the organisation's normal business activities. Such a definition reflects the reality in many company crises, which attract extensive news coverage as well as wide attention from other stakeholders, as evidenced by numerous past crisis events.

Interestingly, from the definitions of a crisis and an organisational crisis above, it is difficult to find a clear-cut boundary between the two. The two concepts or constructs overlap to a very large extent in terms of their semantic denotation and likely consequence and implication in a real situation. This is because crises often occur in an organisational context and are always embodied in organisational crises. Hardly can we imagine that an organisation encounters an unwanted event that is later determined exclusively as an organisational crisis but not a crisis, or the other way round. Therefore, the two terms will be regarded synonymously and used interchangeably throughout this study.

Based on the definitions by different scholars above, some common attributes of an organisational crisis (and a crisis as well) can be seen clearly. They include (1) an unwelcome, unexpected and ambiguous event, (2) threats to interests of the organisation and its stakeholders, (3) outside the organisation's control, (4) immediate and urgent action required, (5) limited time for any reaction and decision, (6) wide attention from news media and public in most situations, and (7) large economic and social costs.

Viewing from the management perspective, Pearson and Clair (1998) consolidate the definitions by many other scholars and provide a concise and updated one of an organisational crisis as follows:

An organisational crisis is a low-probability, high-impact event that threatens the viability of the organisation and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly (p.60).

They have also listed different types of organisational crises as shown in Table 1.1 below (Pearson and Clair, 1998: 60).

Given the intimidating characteristics of an organisational crisis and its negative consequences, it is natural that any organisation would try hard to stay away from or prevent them. Most organisational theorists agree that crises, of varying magnitude, are inevitable (Fink, 1986; Perrow, 1984). The difference is in the scope and nature of the crisis, and how well the company is able to respond to it (Remsik, 1999).

Previous research on organisations in the United States that have experienced crises has shown that over 40 per cent of the organisations hit by a serious crisis never resume operations. Over 25 per cent of those that do manage to resume their operations again are so weakened that they close down permanently within three years (Doughty, 2001). An organisational crisis can be enormously destructive to organisations that lack CM planning and prevention.

A crisis does not always happen all of a sudden without any signal of premonition. Though some crises strike suddenly and unexpectedly, others do often break out with early warning signals (Barton, 1993; Silva and McGann, 1995: xi). Shrivastava and

Table 1.1 An Array of Organisational Crises

• Extortion	• Bribery
• Hostile takeover	• Information sabotage
• Product tampering	• Workplace bombing
• Vehicular fatality	• Terrorist attack
• Copyright infringement	• Plant explosion
• Environmental spill	• Sexual harassment
• Computer tampering	• Escape of hazardous materials
• Security breach	-
• Executive kidnapping	• Personal assault
• Product/service boycott	• Assault of customers
• Work-related homicide	• Product recall
• Malicious rumour	• Counterfeiting
• Natural disaster that disrupts a major product or service	• Natural disaster that destroys corporate headquarters
• Natural disaster that destroys organisational information base	• Natural disaster that eliminates key stakeholders

Mitroff (1987) point out that crises are triggered by specific low probability events that have high impact on a variety of stakeholders. Before a triggering event occurs, there is usually an incubation period in which there are several indirect warnings, and smaller incidents that indicate problems within the system.

Adopting an interesting analogy with a biological model, Gonzalez-Herrero and Pratt (1996) compared a crisis to an organism, proposing that a crisis will pass sequentially through phases of birth, growth, maturity and decline or death. With the intervention of proactive crisis management, a crisis might be restricted or prevented

from developing to its growth and maturity stages. Furthermore, it may even be unborn when identified very early as an issue of potential concern. With proactive CM, an organisation will become crisis-prepared, thus capable of avoiding crises before they are born, or restricting and minimizing their development and damage scale by provoking their premature decline and shortening their life cycles, argued Gonzalez-Herrero and Pratt (1996).

To obtain such a desirable outcome, an organisation must make its CM proactive, or make adequate efforts for preventing a crisis in normal times prior to the outbreak of any crisis. One important way to do so is to have sound CM planning and preparation in advance.

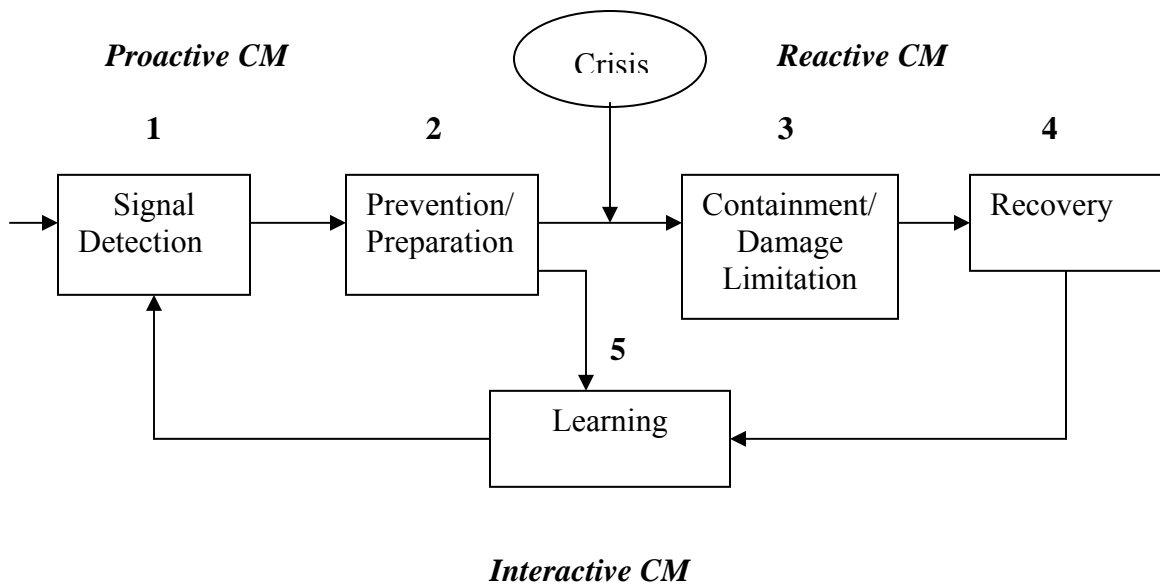
On the other hand, crises are not always perceived as negative or threatening. Based on their experience and observation, some managers and researchers argue that an organisational crisis is best viewed as a turning point (Reilly, 1987), which is completely consistent with Fink's definition mentioned earlier. Ulmer and Sellnow (2000) contend: "If handled effectively, organisations have the potential to benefit from crises." Almost every crisis contains within itself the seeds of success as well as the roots of failure (Augustine, 2000). Interestingly, the Chinese word for crisis is *weiji*, which means danger and opportunity. The word vividly captures the essence of CM: when handled well, the danger in a crisis can be averted and even turned into favorable opportunities.

Crisis management (CM). Pearson and Clair (1998: 61) define CM as "a systematic attempt by organisational members with external stakeholders to avert crises or to effectively manage those that do occur". In many situations, CM is also the application of public relations (including the principles and techniques of media relations) to minimize harm to the organisation in emergency situations that could bring to the

organisation an irreparable damage (Kreps, 1986). Effective CM is capable of preventing or averting the potential crises, minimizing potential risk prior to a triggering event and also enables the organisation involved to improvise and interact in a successful way with its key stakeholders during a triggering event (Pearson and Clair, 1998).

According to Pauchant and Mitroff (1992), regardless of the kind of crisis, effective CM involves managing the five distinct phases or stages: signal detection, preparation and prevention, damage containment, recovery, and learning, as shown in Figure 1.1 below.

Figure 1.1 Five-Phase Crisis Management Model by Pauchant and Mitroff (1992)



According to Pauchant and Mirtroff (1992), the role and function of each phase are as follows:

1. Signal Detection consists of monitoring, scanning, detecting and/or tracking early warning signals or symptoms of any potential crisis, and alerting personnel concerned of its possible occurrence.
2. Prevention and Preparation refers to the active probing of the organisation for signs of weaknesses and potential problems. It also involves such tasks as designing various scenarios and procedures of measures and actions for anticipated crises, and trying them out sufficiently until all those personnel involved are familiar with their roles.
3. Containment and Damage Limitation functions to control an on-going crisis and prevent it from affecting other uncontaminated parts of an organisation or its environment.
4. Recovery involves developing and implementing relevant short-term and long-term plans and programmes for the organisation to resume its normal operation/business in the soonest possible time.
5. Learning draws on critical lessons acquired from the organisation's own crisis experience and those of others' and improve upon what has been done in the past regarding the organisation's competence and effectiveness in handling crises.

The first two phases fall within the pre-crisis stages and they constitute proactive types of CM. Any efforts made or activities performed in these stages are largely aimed at identifying and averting a potential crisis in its early stage. If done sufficiently well,

the work in these two phases can succeed in preventing many crises from happening in the first place. In contrast, the third and fourth phases are clearly within the post-crisis stages and any activities done in them are reactive or passive, with an attempt only to resist or control an out-breaking crisis and minimize its possible damages. Therefore, the two phases are the reactive types of CM. As for the phase of learning, it is a continual learning process in many cases based on bitter lessons resulting from one's own or others' crises. According to Pauchant and Mitroff (1992), the last stage is more of interactive nature, as organisations at different periods of time learn lessons from their own experiences and others' and incorporate them to their practices of CM.

Whereas all the five phases as described above are important components of effective CM, an organisation especially successful with crisis preparations and other CM endeavours within the first two phases will certainly have a very high chance of winning the battle with crises in a more efficient way. Silva and McGann (1995:234) asserted, "An ounce of preparation can provide a pound of cure once crisis strikes." Therefore, the CM in the first two phases, or proactive CM, is of special importance to all organisations in dealing with crises.

Crisis preparedness. Crisis preparedness or readiness is a construct central to this dissertation. According to Reilly (1987: 80), "the forms and natures of possible organisational crises are countless, and bounded rationality clearly prohibits organisations and individuals from developing specific contingency plans for every conceivable crisis situation. Crisis readiness is therefore defined broadly here as the readiness to cope with the uncertainty and change engendered by a crisis."

When we say that an organisation is crisis prepared, it means the organisation has "at least done everything possible to prevent the major crises from occurring in the first

place and to better manage those that do occur” (Pauchant and Mitroff, 1992: 1). A crisis-prepared organisation has adequately equipped itself with both mental and physical preparations in advance for responding to or dealing with any emergency situation. It is fully ready to handle effectively a crisis at different phases or stages. Fundamentally speaking, crisis preparedness is the essence of proactive CM.

At the heart of proactive CM is advance CM planning coupled with some specific and substantial arrangements or measures in terms of organisational and human resources. Advance CM planning has unique and vital functions including the identification and examination of the possible crisis events as well as issues of potential concern, specification of responsiveness tactics and procedures for responding to and handling the issues and events, formulation of a crisis communication plan, and the steps and measures for implementing the plans. Judicious crisis planning may reduce response time and possibly prevent missteps in an organisation’s initial response to a crisis (Benoit, 1997), as it is capable of eliminating confusion, specifying what needs to be done, and making everyone clear of his own responsibility in a crisis situation (Wisnblit, 1989).

Indeed, evidence has shown that those organisations without a CM plan suffered from a crisis 2.5 times longer than those with an effective CM plan (Fink, 1986). “Companies that did have a plan in place when hit by a crisis reported a shorter crisis duration and fewer after-effects than firms without crisis plans” (Wisnblit, 1989: 34). Being prepared for a crisis can mean the difference between a quick recovery period and irreparable damage (Lau, 1988).

Given the special importance of crisis preparedness in the whole system of CM, the present study will examine and compare the companies in Singapore and Hong Kong in terms of their preparedness for crises.

Through their research, Pauchant and Mitroff (1992) have identified four critical layers based on which an organisation can be judged whether it is crisis prepared or crisis prone. The four key layers start from the first and tangible layer at an organisation's surface:

1. Organisational Strategies: This is the first and surface layer which comprises the organisation's strategies for CM - existing plans, procedures, mechanisms for dealing with crises.
2. Organisational Structure: This is the second layer referring to the organisational structures dedicated for handling crises and CM repertoire.
3. Organisational Culture: This is the next to the innermost layer. Crises and CM are reflected in the beliefs, values, perceptions and rationalizations of the managers and employees in the organisation.
4. Character of Individuals: This layer, the innermost and also intangible one, concerns whether individual members of an organisation exhibit any defensive mechanisms in relation to crises.

Clearly, an organisation's overall crisis preparedness can be well assessed from the above four critical dimensions.

A review of the CM literature also reveals that many CM academic researchers and practitioners have often used a series of indicators as important parameters. Among the most frequently used indicators are a general plan for crises, usually at a corporate level, a written CM plan, a CM team/unit or task force in place, regular crisis drills for

employees, and company's appropriate perceptions and initiative interaction with news media (Barton, 1993, 2001; Coombs, 1999; Dougherty, 1992; Dyer, 1995; Guth, 1995; Heath, 1998; Kamer, 1997-98; Lau, 1987-88; MacKenzie, 1994; Meyers and Holusha, 1986; Mitroff and Anagnos, 2001; Mitroff and Pearson, 1993; Oshins, 1992; Pauchant and Mitroff, 1992; Reilly, 1987; Rensik, 1999; Traverso, 1993; Truitt and Kelley, 1989; Williams and Olaniran, 1998; Wimmer, 1999; Wisenblit, 1989).

Specifically, a general plan for crises means that the top management of an organisation has a good level of crisis awareness and CM perception and reached a consensus for having a general CM plan at the corporate level. The plan is usually at the strategic level and may identify areas inside and/or outside the organisation where a crisis may arise or where crisis prevention and preparation efforts and CM measures need to be initiated or strengthened. These areas may include people, products/services, security, issues of potential concern and even possible unfavourable media coverage when a crisis strikes. The company with a general CM plan is supposed to take into account those crucial issues when drawing up corporate level strategies and incorporate the CM issues into an overall plan. Procedures and actions for effectively handling an unwanted emergency situation may have been well considered in advance and agreed upon among the top management of the organisation. Good CM planning also includes the readiness to use particular tactics for dealing with specific situational contingencies existing or arising during the course of an emergency (Guarantelli, 1988). It may also reflect the intention and readiness to formulate plans for specific anti-crisis tactics and measures and create a CM team once the needed situation arises.

Having a written CM plan means that the organisation takes a big significant step further. It requires a company not only to think about and treat CM seriously from a

strategic perspective but also to identify possible crises that may occur in certain parts of the organisation and then develop specific and detailed CM plans for each kind of crisis. This kind of plans is no longer attached as a supplementary component to the corporate level strategies or plans. They are all made to serve as a stand-alone or independent master guideline for handling any emergency situation. In a written crisis plan, all personnel involved are also designated and assigned with specific roles and responsibilities. Generally, a written crisis plan will specify such important issues as how to determine that a crisis has occurred, how to judge the impact of the crisis on the company, sequential steps and actions to take under specific circumstances, chain of command, crisis control center, members of a CM team, ways of communicating the crisis to various stakeholders, media contacts, who will be a spokesman facing the public, contingency plans for ensuring operation continuation, etc.

When a company has set up a CM team or CM unit or task force, it shows the organisation has succeeded in institutionalizing the CM operation mechanism inside the organisation. Ideally, a CM team should consist of individuals representing all levels and departments/components of an organisation and possessing different but complementary knowledge and expertise. These individuals will have the essential duties of conducting crisis audits, managing responses to crisis situations, identifying spokesmen, coordinating information flow during a crisis, assisting in crisis decision making, and working with media and public interest groups (Williams and Olaniran, 1998). Moreover, the team should have sufficient authority to make critical decisions and commit significant amounts of organisational resources (Shrivastava and Mitroff, 1987). Clearly, with a CM team in force, the company has actually mobilized the needed organisational resources and advantages including human power, financial strength and institutional structure.

Though it is important to make efforts to draw up a CM plan and set up a CM team, there is no way to know how well they will function in a real situation. Therefore, it is imperative to test or try them out in simulations or full-scale drills with participation of the employees across the whole organisation. Drills on regular basis are crucial in that they will expose the employees to an unusual simulated context in which they practise and learn how to react and behave, thus becoming increasingly familiar with their responsibilities in a crisis situation. Regular drills will also help continually improve on the efficiency of CM mechanism as well as procedures and measures. Regular drills will make CM teams more successful (Dyers, 1995, as quoted in Williams and Olaniran, 1998). More importantly, they will help effectively create a culture throughout the organisation in favour of cultivating or enhancing the desirable crisis awareness of crisis and support for the CM efforts and mechanism among all the employees in an organisation. The favourable corporate culture will surely help members of the organisation, top management and ordinary staff alike, to dedicate themselves to a proactive CM system.

Media relations plays a special and vital role amid a crisis situation. The intrusive media are often found to either sensationalise a crisis event, magnify the negative part of the organisation involved or simply make it factual, consequently influencing the public perception of the crisis-hit organisation to a very large extent. Media coverage has in many cases been found to be one of the essential factors transforming an incident into a crisis (Ogrizek and Guillery, 1999). To many bosses, an intrusive press at a time of crisis is the ultimate nightmare, though it is exactly the time they need to communicate (MacKenzie, 1994). To avoid that undesirable predicament, senior executives of an organisation should realise the importance of maintaining good communications with

news media. They must be fully aware of media's special and influential power at a time of crisis and adopt a proactive approach in dealing with them prior to any crisis event.

Since organisational crisis is a low-probability, high-impact unwelcome event that threatens the viability of the organisation (Pearson and Clair, 1998), it usually gives an organisation very little time to think about how to react when it strikes. It is the extent of preparedness that the organisation possesses prior to a crisis incident that makes organisations react and fare differently.

To a large extent, those important indicators mentioned above are capable of reflecting an organisation's overall crisis preparedness. Meanwhile, they are also well in congruence with the four critical dimensions of assessment criteria provided by Pauchant and Mitroff (1992), as illustrated earlier. All those indicators are concrete, tangible and measurable in reality and can be operationalised in the current study. Therefore, they will be adopted as significant measurements or sub-variables in this study to gauge the extent of overall preparedness of individual business companies under study.

1.4 Research questions

Drawing from the theoretical foundation discussed above, this study attempts to address the following main research questions:

1. What are the major factors associated with business companies' crisis preparedness in Singapore and Hong Kong?
2. What is the general level of crisis preparedness among business companies in Singapore and Hong Kong?

1.5 Expected contributions of this study

This study probably could serve as the first empirical and exploratory research of business companies in Singapore and Hong Kong in terms of their preparations for crisis. As such, this study expects to have both academic and practical implications. Academically, it would enrich the literature on the CM as a whole, with some unique and significant findings based on empirical survey research in an Asian context. Specifically, this study aims to examine the relationship between companies' overall crisis preparedness and a number of possible factors associated with the organisations in the survey, their managers' perceptions and their environment. With the first-hand data from 413 incumbent business managers/executives, this study tests the selected CM issues and concepts regarding crisis preparedness from an Asian perspective. Furthermore, it is also expected to provide some insights into some issues like the impacts of government's role upon companies' crisis preparedness and the relationship between managers' perception of news media's behaviour characteristics and media's importance for crisis communication and their companies' crisis preparedness. All these have so far seldom been touched on before.

This study may also contribute to the CM literature with some findings from two newly industrialized economies where the Chinese population is dominant and Chinese culture and business practices are popular and influential. As mentioned earlier, the CM studies in Asian contexts have been very limited in comparison with the prolific and ever evolving CM literature based on Western contexts.

In practice, this study may also enrich the inventory of management expertise for business managers and executives. The examination and findings on the proposed 10-plus factors which are suspected to be capable of influencing companies' crisis

preparedness would provide valuable reference on CM to any manager who is engaged in business management and activities in Asia and desires to strengthen the CM practices for his organisation. That is because the analyses and findings in this study are mostly based on perceptions and real experience of the 413 business managers/executives from Singapore and Hong Kong. Interested business people and management professionals could benefit from them in their own business management activities without any trouble or risk of their own trying. In some way, this dissertation would serve as a useful reference source for numerous business managers and executives to learn about the CM and crisis preparations among companies in an Asian setting.

1.6 Summary and organisation of the dissertation

This chapter has attempted to provide an introductory background or foundation for the following chapters while introducing a theoretical framework and research questions.

Chapter 2 will basically present a background review of the past evolvement and present situation of CM, its perceptions and practices among academic researchers, practitioners and business managers. The focus of review will mainly fall within the Asian context centering on Singapore and Hong Kong. It will also examine and analyse some relevant factors that exist in the environment under study and which are conceivably related to a company's crisis preparedness and other CM endeavours. After that, a conceptual framework indicating the relationship between possible predicting factors and a company's overall crisis preparedness and the relevant hypotheses will be proposed and discussed in Chapter 3, followed then by another chapter, Chapter 4, in which a concise description and explanation of methodology for the research instrument

and methods for data collection and analysis will be unfolded and described. In Chapter 5, results of data analyses will be reported, discussed and interpreted. Finally, a conclusion of this study, together with its limitations and suggestions for future research in the area will be presented and discussed in Chapter 6.

CHAPTER 2

LITERATURE REVIEW

This chapter reviews the evolution and current status of CM in an Asian context, focusing on Singapore and Hong Kong. Managers' crisis perceptions and companies' crisis preparedness may also be influenced by certain factors arising from the environment in which the companies operate and develop. Therefore, this chapter will also examine some environmental factors that may directly or indirectly influence managers' crisis perceptions and companies' crisis preparedness. Specifically, the factors include the influences of government and news media as well as some cultural characteristics related to crisis perceptions and CM.

2.1 Crisis management in Asia

A review of the CM literature reveals a paucity of comprehensive and systematic study of CM in Asia, in striking contrast to the rich, dynamic and multiple-disciplined CM research in the West. In the past more than two decades, Asia has drawn attention from the rest of the world for, among other things, the "Asian economic miracle" achieved and sustained by some countries in the region in the past decades up to 1997 and also for its economic setback resulting from the sweeping Asian financial crisis in 1997-98. The region's political upheavals and natural disasters have also captured media attention. Given the volatile economic and political environment in parts of Asia and its susceptibility to natural or man-made disasters, business companies should have all the more reason to equip themselves with sound CM planning to become prepared for any unexpected crisis.

Some observe that CM in Asia has matured in the past 20 years (Fienberg, 1999). They see companies are now demonstrating that they have benefited from the difficult lessons of the past. Senior business executives and their financial and legal advisers have come to realise the importance of involving corporate communications consultants and public relations specialists in the early stages of corporate restructuring. “Even privately held concerns are beginning to incorporate communications planning into their restructuring processes” (Fienberg, 1999). Ruidl (1997) notes that some Asian public relations practitioners with strategic mindsets have started to convince top managers that a crisis preparedness is simply good business.

However, many other western observers view Asian countries as generally not well prepared for crises. Boulas (1998) suggests that to cope successfully with crises, chief executive officers (CEOs) in Asia must first overcome three primary challenges: overconfidence, a historic precedent of quick recovery, and a lack of role models. During a lecture in Malaysia in 1995, Peter Drucker warned of the imminent downturn in Asia, citing Horace's famous admonition: “He who the gods would destroy they first bringeth 40 years of prosperity,” (Boulas, 1998). However, his warning seemed unheeded by Asian governments as well as business CEOs, as evidenced in the ensuing Asian financial crisis.

In a cover story of Asian Business, a typical Asian company is described as being unprepared itself to cope with crises (MacKenzie, 1994). When discussing the Y2K problem, Cox (1999) also commented that Asia countries, although already hard-hit by the financial crisis, were virtually unprepared. “Asia has been accused of falling behind in Y2K preparations, and an economic crisis has raised concerns that funds will be diverted to more immediate needs (Business Day, Bangkok, February 16, 1999, p.1).”

Some specialists observe that the complacency of “false sense of security” is a part of the pervasive problem in Asia, where awareness of the looming disaster lags behind the USA and Europe (Cox, 1999). Business people in Asia often read about other companies’ crisis encountering or failure with an “it can’t happen here” attitude, which was also common among many managers or organisations in the West (Mitroff and Anagnos, 2001; Mitroff and Pauchant, 1990; Wisenblit, 1989). Boulas (1998) lamented that lulled into a false sense of security by years of growth, many chief executive officers in Asia were ill-prepared for the crisis, responding slowly and ignoring critical weaknesses in the processes, controls, and systems needed to manage through a prolonged downturn. Obviously, they were intoxicated with the successive growth their companies had experienced during the boom time and that kind of growth had led to “an illusion of invulnerability” (Janis and Mann, 1977: 130) shared among those managers. This kind of illusion could create over-optimism among the managers themselves and prompt them to take extreme risks.

In addition, it is easy to find a common mentality throughout Asia that people, including businessmen, are averse to thinking of something ominous, of a danger and crisis in fear that it might really befall them. This mentality also makes people clinch a belief in their fate, often with an attitude of resignation when confronted with something they find it too difficult or complicated to deal with.

Apart from the pervasive overconfidence or false security and aversion to thinking about or anticipating crises, a reason often cited by managers in the past for the lack of crisis preparedness is that there has been no need for such planning when business was good, or during “the optimism of boom time”, as noted by MacKenzie (1994). Ruidl (1997) believes that this view is consistent with what Meyer and Holusha (1986: xiv)

have said about the ‘tough sell’ of a crisis package in good times. There are illustrations of the general absence of such management plans among practitioners (Henderson, 1999). For example, the Pacific Asia Travel Association (PATA) found in a recent survey that most of its members, including national tourist organisations, did not include CM in their strategic planning despite a 40% chance of a crisis occurring (Henderson, 1999).

In short, Asian businesses, including those in Singapore and Hong Kong, have been frequently described as being complacent in CM and having a false sense of security. They were “slow” or “sluggish”, and “dragging their feet in preparation” (Cox, 1999: 3B). These behaviours were also attributed to some Asian countries’ cultural aversion to failure. Retired United States diplomat, David Hitchcock (1998: 19) claimed bluntly, “Asia's crisis is not only economic, but cultural.”

However, Asia is not monolithic despite some similarities among its countries in cultural values and business practices. Over the past several years, many comparative studies have been made in Singapore, Hong Kong, and Taiwan, in which the same Chinese-based cultural values and heritage are believed to be dominant. Those studies investigated, compared and contrasted managerial values and human resource practices, marketing and consumer perceptions and behaviours (Cheung and Chow, 1999; McDonald and Kan, 1997; Harrison, 1994; Paik et al, 1996; Siu, 2000; Tai and Tam, 1996; Taormina, 1998). Interestingly, those studies show significant variations in the perceptions, values and practices of business development and management, human resources development and management, consumer perceptions and behaviours and marketing strategies and approaches across the different regions. Therefore, it is one of the present study’s objectives to find out whether the Chinese-based cultural influences prevailing in Singapore and Hong Kong will again produce significant identical or

different outcomes in terms of crisis preparedness and CM endeavours among business companies in the two places.

2.2 Crisis management in Singapore and Hong Kong

In this section, I examine the general situation regarding crisis preparedness and CM practices in Singapore and Hong Kong.

2.2.1 Singapore

Singapore is a small island-nation situated on the southern tip of the Malaysian Peninsula. It possesses a total land area of about 648 square kilometers and a population of about four million consisting of four major demographic groups: Chinese (76.7 per cent), Malay (about 14 per cent), Indian (7.9 per cent) and Eurasian and others (about 1.5 per cent) (Yearbook of Statistics Singapore, 2002). It was a British colony for about 140 years before it joined the United Nations and achieved full independence in 1965. Since then, the city-state has successfully achieved a tremendous and sustained economic growth, turning itself into a “miracle economy” as described by the World Bank (Haas, 2001: 68) and ranking with South Korea, Taiwan and Hong Kong as the four newly industrialized economies or the commonly known as “Four Little Dragons” in Asia (Lee, et al., 2000:35).

Despite its economic success, Singapore has always perceived the marked constraint deriving from its small size and dearth of natural resources. However, instead of being handicapped by its innate weaknesses, it has remained a dynamic and major economic force in the region. It has since the early 1980s succeeded in attracting a large number of foreign investors, including the largest industrial companies around the world,

into its pillar industrial sectors such as manufacturing and services. As of the end of 2000, international companies operating in Singapore had amounted to as many as 6000. Half of them have regional operations and headquarters functions (Website of Singapore Economic Development Board: <http://www.sedb.com>). Today, Singapore has become a major regional hub for international business and trade and a regional financial centre. It is also among the busiest trading ports in the world. On the other hand, the strategic importance of the local small and medium enterprises has not been neglected and the government has in recent years stepped up its effort to call on the local entrepreneurs to make bold moves developing their businesses at home and abroad.

2.2.2 Crisis management in Singapore

There are two opposite views about the crisis management and culture in Singapore. On the one hand, Singapore is often thought of as being more prepared for crises than other neighboring countries, as evidenced in its being least affected in the 1997-98 Asian financial crisis. The city-state was also recently praised by a senior World Health Organisation (WHO) official for taking a “far sighted approach” to preventing lifestyle diseases through measures like health screening for its people (The Straits Times, March 28, 2000, p.2). Indeed, the government has attached much importance to preparations for responding to and handling any emergency situation. According to a report from The Straits Times (March 23, 2002), the government in 1994 set up the National Emergency System, or Nest, which is made up of more than two dozen government agencies and statutory boards. The country-level Nest is meant to ensure that the nation’s infrastructure will still function should any crisis strike.

Singapore is also among the countries with the highest rate of personal savings and the highest foreign reserves per capita (Tai and Tam, 1996). This may probably be seen, in some way, as a wide consensus or consciousness, both among the general public and in the government, about the necessity and importance of making proactive preparations today for any unexpected tomorrow.

Another classic example can be seen from the crisis reaction and handling by Singapore Airlines (SIA), after one of its airplanes, Flight SQ006, crashed on October 31, 2000 on the runway of Chiang Kai-shek International Airport in Taipei, resulting in the death of 83 out of the 179 passengers and crew and injury of some others. The company's quick reaction to the disastrous accident and skillful and appropriate handling of various stakeholders as shown on news media remarkably impressed the public in a way favourable to the corporation. Despite the disastrous accident, SIA nevertheless has reportedly managed to increase its annual revenue in the financial year. With the massive and exhaustive coverage of the media, people can see clearly the company's sound crisis preparedness has enabled the organisation to turn the crisis into a unique occasion to mend and even enhance its reputation.

On the other hand, other observers describe Singapore companies as being sluggish in CM. For example, Henderson (1999) found in her qualitative study of 10 organisations in the tourism industry in Singapore that none of the organisations involved had an official CM strategy or a specific plan to cover the adverse circumstances of the recent financial crisis. Some managers even believed that crisis planning was irrelevant if management was fast on its feet. Probably, these managers are not alone in holding such a belief, and there is no reason or evidence to infer that many managers in other industrial sectors might think otherwise. Interestingly, the finding by Henderson echoes with the

mentality of many business managers in other parts of Asia as revealed in MacKenzie's (1994) article in an Asian Business issue mentioned earlier. Henderson reported that there was a feeling that companies had been rather slow to react, failing to realise the magnitude of the crisis.

2.2.3 Hong Kong

Hong Kong is now a Special Administrative Region (SAR) of the People's Republic of China (PRC). Like Singapore, Hong Kong was colonized by Britain in the 19th century and remained under its rule for as long as 145 years before it was reversed to the PRC on July 1 1997. Located in the southern part of the Chinese mainland, Hong Kong covers a land area of about 1,098 square kilometers and boasts a population of about 6.97 million as of 2000 (Pritchard, 2001:101), of which 98 per cent are Chinese (Taormina, 1998). The long history of the British rule and its geographical adjacent to the Chinese mainland and its overwhelming majority of the Chinese residents have resulted in its prominent and unique mix of Chinese culture and British bureaucracy (Cheung and Chow, 1999).

Given its special historical background, Hong Kong is now different from the mainland China in many ways. As a special administrative region of China, it is in fact under a different social, economic, legal, and political system, all of which were established over the long years of the British colonial period and could regarded as mostly Western style. Over the past more than three decades, Hong Kong has always been under the spotlight of the world for its rapid and steady economic growth up to 1997, when it was hard hit by the Asian financial crisis. Because of its geographical convenience, Hong Kong has long functioned as the southern entrance for organisations

from all over the world to do business in the mainland China. More than 3000 international companies were using Hong Kong as a regional headquarters or office as at June 1, 2000 (Website of Hong Kong Special Administrative Region government: <http://www.gov.hk/info/sar4/eview.htm>). Ranked with Singapore among the “Four Little Dragons” in Asia (Lee, et al., 2000:35), Hong Kong’s economy has long been labeled as dynamic, liberal and competitive and has meanwhile remained as a major economic force in the region.

Hong Kong’s remarkable economic development in the past has often been attributed to several factors including the existence of the free port and free trade, the favourable location and good communications, the hard work and entrepreneurial instincts of the population, high flexibility of the market mechanism and numerous small and medium enterprises, and, above all, the government’s well-known positive non-intervention stance towards industrial and economic development (Yeung, 1998:20).

2.2.4 Crisis management in Hong Kong

In the past, precious little study has been attempted of the CM in the dynamic economy of Hong Kong and, consequently, only a very limited literature on the CM among business corporations is available. However, the past several years have witnessed Hong Kong undergoing a historic transition, in which its sovereignty was handed over back to China, and an unprecedented economic setback, when its economy was slashed by the 1997-98 Asian financial crisis. Amid the unusual period of time in the most part of the last decade, Hong Kong was seen to “have been reeling from one crisis to the next” (Huque and Lee, 2000:6) and the inquisitive and somewhat

omnipresent media hardly failed to report each and every crises breaking out across various industrial sectors within the territory.

Among those major ones covered and publicized by the media in recent years in Hong Kong are the intermittent industrial actions by Cathay Pacific Airway pilots and other employees, the accident of Taiwan's China Airlines slipping into the sea amid a storm at Kai Tak Airport (1997), public transportation chaos arising from the operation license termination of a major bus company, China Bus (1998), horrific bird flu epidemic (between May and December 1997), operation chaos caused by computer system collapse of newly launched international airport cargo terminal (July 1998), etc., to mention just a very few of them here. All those crises invariably ended up in splashing across the prominent positions of the news media in Hong Kong and elsewhere in the region and the world for a prolonged time, thus placing organisations or companies involved into an unprecedented predicament and severely affecting their images. Meanwhile, they were likely to have left people with an unfavourable impression that Hong Kong is a crisis-ridden place and companies there are ill prepared for crises.

Amidst those discouraging coverage of the crisis events and incompetent reaction to the crises by those unprepared organisations, nevertheless, there are also some positive reports that indicate certain companies/industries in Hong Kong take the initiative to adopt proactive measures in normal times to prepare themselves for the expected crisis. For example, in the latter half of 1999, 22 local banks in Hong Kong participated in the worldwide computer system test so as to be prepared for any unexpected computer malfunction when the new millennium was approaching (Chow, 1999). The territory's flag carrier Cathay Pacific and the Hong Kong and Shanghai Bank were reported to have done well in their CM planning by setting up a sound back-up computer system to

prevent the disruption of their business operation and protect their data in time of emergency (MacKenzie, 1994). Although positive reports about business companies' good effort in CM and their active preparation for dealing with crises in normal time are quite limited in local news media, they nevertheless do serve as good examples indicating there are firms in Hong Kong that are aware of the importance of CM to the successful continuity of their business and the importance of making proactive preparations before any unwanted crisis strikes, which also attests to the Ruidl's (1997) observation and study mentioned earlier.

2.3 Culture and crisis management in Singapore and Hong Kong

Numerous studies have already shown that business operation and management will invariably be influenced by some indigenous cultural factors prevailing in a particular environment in which the business operates. This study attempts to apply the principles in public relations and corporate communications to examine CM practices among business companies in Singapore and Hong Kong since CM is an important aspect of public relations and corporate communications. Kreps (1986) has defined CM as the use of public relations strategies and techniques to reduce as far as possible the harm to the organisation in emergency situations that could possibly incur an irreparable damage to the organisation. Some scholars have speculated that CM practices differ as "cultures" change and argue it is "important to know these distinctions" (Ruidle, 1997). Culture may be considered to be a set of practicing theories held by members of organisations about how life works and recipes about how interactions are conducted. Consequently, culture is not and should not only be the domain of those studying nations, ethnicity and/or gender (Ruidl, 1997).

2.3.1 Crisis culture in Singapore

Yuen (1998) suggests that in studies on the culture of overseas Chinese communities like Singapore, Hong Kong, and Taiwan, the conventional approach was to consider them as extensions of the traditional Chinese social and cultural heritage. However, she also observes that some argue that there is a distinct Singaporean identity/culture. Clammer (1985) also comments that a culture organizes, integrates and maintains a system of values and pattern of characteristic behavior, and in this sense a distinctive, although still fluid, Singapore culture already exists.

In Singapore, Yuen (1998) observes, there is a “permanent sense of crisis” and “today’s solution often becomes tomorrow’s problem” among Singaporeans. She (1998:134) cites the example of Singapore’s Changi International Airport which has for many years been rated amongst the best in the world. In the early 1990s, the second Changi terminal was opened to increase the airport’s capacity to handle anticipated passenger traffic into the next century. A few months after the second terminal opened, it was announced that planning for a third terminal had already started and before too long the construction of it was under way. On the other hand, it is interesting to note that, despite the sustained remarkable economic achievement, Singapore has a fairly high saving rate (namely, 46 per cent) and the world’s highest foreign reserves per capita (Tai and Tam, 1996). Koh (1996, quoted in Ramakrishnan, 1998:10) argues that the geography of the island state is crucial in understanding the dominance of *kiasuism* in Singapore:

Because of the geographical make-up: a small island with no natural resources, there is perennial focus on the vulnerability of Singapore as encouraged by the government. Every aspect of life in Singapore can be explained, or justified, by the frailty of this slice of Earth. This is why Singaporeans feel that they have to work harder. (This perennial focus on vulnerability) also plays a valid and vital

role in reminding people here not to take anything for granted. (Thus Singaporeans have) a psyche founded on a sense of never quite belonging, never being safe and secure. The absorption in ephemeral concerns, even selfishness and *kiasuism*, may spring from the mentality of wanting to make hay while the sun shines.

This widespread phenomenon of siege mentality has to some extent reflected people's precaution against any unexpected *Weiji*, or crises, which may be a desirable element in the crisis prevention and planning. Given the prevailing mentality in this particular environment, it is reasonable to assume that there should be some positive consequence among various companies in Singapore in terms of their extent of preparedness for a crisis.

2.3.2 Crisis culture in Hong Kong

Hong Kong is usually known for having a large number of risk-taking entrepreneurs and a general speculative attitude among its people. As mentioned previously, people in Asia are generally averse to thinking about failure or something ominous. However, it does not prevent them from taking a risk in an attempt to gain a profit and it does not contradict their mentality or propensity for risk-taking, especially among entrepreneurs. They recognise and acknowledge the significant rewards that may result from taking risks to start a new business (McGrath et al., 1992). It is found that Hong Kong government's minimal intervention coupled with a British-style legal system had enabled business people in the territory to adapt to and capitalise on a wildly unpredictable business environment (Leung, 1998). *Fortune* (Saporito, 1994) once described Hong Kong residents as well equipped to seize the numerous opportunities unfolding before them. They possess more of the entrepreneurial energy and speed than

mangers and dealmakers in the West. In effect, people's business aspiration and profit-seeking enthusiasm could probably be attributed in some way to their particular environment in the long past. Yu (1997:57) notes that Hong Kong was a British colony for more than 150 years. Under the colonial administration, the top positions in the civil service had long been dominated by British government expatriates, and the local Chinese had little chance to move up along the political ladder to the top-decision posts. As a result, the blocking of upward mobility through official channels in a colonial society had enabled the Chinese residents in Hong Kong to use economic mobility, such as starting a business of one's own, as the most viable alternative (Lau, 1982, as quoted in Yu, 1997).

Given that historical past, Hong Kongers have mostly developed a pragmatic orientation that emphasizes survival and growth by pursuing material gains. After China and Britain officially signed the Joint Declaration in 1984 on the handover of Hong Kong's sovereignty to China in 1997, many people in Hong Kong felt uncertain about their future and worried that the much of the freedom they had enjoyed in the British-ruled colony might not continue once the territory was reverted to China, even though China had promised to preserve the territory's political stability and autonomy for the next 50 years. Much on account of such anxiety about the future, many Hong Kongers have grown to be more materialistic and pragmatic and attempted to accumulate wealth before 1997 (Cheung and Chow, 1999). Many people believe that what they could do is to lose no time seeking opportunities to make money and get rich ahead of others. Given the special historical background and uncertain transitional situation, "Hong Kong has a long tradition in favour of profit-seeking" (King, 1987:59; as quoted in Yu, 1997:50). Business people tend to adopt a short-term outlook in the particular context of "borrowed

place and borrowed time” (Hughes, 1968; as quoted in Yu, 1997:57). They have grown a propensity of looking for the maximum gain in the shortest possible time (Yu, 1997). All this has also reflected people’s mentality of actively seeking chances to get rich quickly at certain risk as well as people’s entrepreneurial spirit in some way.

Singapore and Hong Kong are both dominated by the Chinese population (about 77 per cent in the former and 98 per cent in the latter). As a result, they are heavily influenced by traditional Chinese cultures. As mentioned earlier, Hofstede and Bond (1988), in exploring the major factors contributing to the sustained economic growth of the Asian newly industrialized economies (NIEs) including Singapore and Hong Kong, placed them in the same cluster of Chinese-based cultural values associated with the “Confucian Dynamism (CD)”, which derives from the teaching of Confucius and “deals with the time perspective in a society for the gratification of people’s needs” (Hofstede, 1991:164). A high CD society is one that stresses, among other things, hard work and long-term orientation while a low CD society is one in favour of gratifying needs here and now and adopts a short-term perspective. This dimension evaluates national cultures based on whether the time-horizon for decisions to yield results is long or short. Based on the ranking by Hofstede and Bond (1988) on the CD dimension, Hong Kong is ranked rather high with an index of 96 while Singapore is ranked well below Hong Kong with an index of 48.

On the other hand, based on Hofstede’s research and categorization of cultural dimensions, Singapore and Hong Kong (as well as Taiwan) are found to share similar cultural values, assuming general characteristics of large power distance, weak or low uncertainty avoidance, collectivism and modest masculinity (Paik, et al., 1996:22). Low uncertainty avoidance may also suggest that people in both Singapore and Hong Kong in

general have a relatively high tolerance of uncertainties or risks. They are likely to take risks and able to cope with ambiguity. Although Singapore and Hong Kong are often assigned to the same cluster of cultural similarity (Ronen and Shankar, 1985), past studies including those by Paik and his colleagues (1996), Tai and Tam (1996), Taormina (1998), and Wilkinson (1996) have respectively observed in their studies that there still can be significant variations – people in Singapore, Hong Kong or Taiwan could also have their own different perceptions, values and practices in a variety of areas like business development and management, human resource management, and so on.

2.4 Role of the government

As we know, a company's operation and development will invariably be influenced by some factors arising from the environment in which it is operating. Among those major environmental factors, the government's role is always influential and should never be underestimated. It is observed that the government in Singapore and Hong Kong has respectively played a significant, unique but non-identical role in each of its economic development in the past decades. Invariably, the government's role in each of the two places might have influenced the business companies in one way or another in terms of their crisis perceptions, CM philosophy and practices and some other aspects. In the following sections, an attempt will be made to examine how the governments in Singapore and Hong Kong have functioned respectively in their economic development and what are the prominent features of their roles in each society.

2.4.1 Government in Singapore

Over the past decades, Singapore has greatly attracted the world's attention for its rapid and sustained economic development. Numerous studies have reached a similar conclusion that much of the credit for the economic achievement has to be attributed to the strong role of the city-state's government, without which the country would not possibly have been able to obtain such an outstanding accomplishment. Khan (1997:97) has described it in the following:

The qualitative impact of government's predominance can be felt everywhere. The government in Singapore has in fact played the roles of goal-setter, producer, regulator, and fiscal agent, in addition to its traditional roles as the custodian of the nation. While the rules of market mechanism remains paramount in Singapore, the government has interfered in a big way so as to ensure that the fruits of economic growth are more equally distributed.

In illustrating the necessity and importance of the government's interventionist policy for Singapore's economic development, former Deputy Prime Minister of the city-state Dr Goh Keng Swee (1976; as quoted by Khan, 1997:96) noted in the following statement:

...the laissez-faire policies of the colonial era had led Singapore to a dead end, with little economic growth, massive unemployment, wretched housing and inadequate education. We had to try a more activist and interventionist approach. The roles of the government are not only to perform the traditional roles of a government – defense, law and order, and to provide infrastructure for private enterprises – but also to participate actively in economic activities as well as to lay down clear guidelines to private sector as to what they could and should do.

Therefore, in different periods of time over the past more than three decades, “the government pursued an active policy of industrialization and intervened heavily in the process” (Weder, 1999:81). Specifically, it would take the initiatives in designing an overall economic blueprint, directing and orchestrating the economic advancement of the

city-state and implementing a host of pragmatic strategies and policies to ensure that the focus of the economic development in each different period of time is both in line with the market mechanism and, above all, can best benefit the country in its long run. Khan (1997:97) puts it well that “the policy makers in Singapore however did ensure that the government intervention did not ignore the disciplining functions of the market. Moreover, the government intervention led to the reduction of uncertainty and risks of business through overall policy stability.”

For example, the Singaporean government has made active and intense efforts for more than 30 years to promote industrial development, of which manufacturing sector has been given a top priority. Subsequently, the share of it in gross domestic product (GDP) increased remarkably from only 20 per cent in 1970 to almost 30 per cent in 1980 and then stayed around 27 per cent in the 1990s (Kwong, 2001:6).

Singapore is short of natural resources and meanwhile faces rising competitors from its neighbouring countries in the region. To sustain steady economic growth, the Singapore government has always attached particular importance to effectively dealing with the changes and challenges and adopted a number of strategies to do so. One of the priority strategies has been placed on the training and developing of the skills of workforce in order to improve their competence. The government sets up training centers and technology institutes to improve the average skills and knowledge of the labour force. It also provides various special subsidies for training programmes run by companies. For example, the Economic Development Board (EDB), a government agency, launched a scheme that provides financial assistance to MNCs sending local employees abroad for apprenticeship training. Through a levy on firms, a skill development fund (SDF) was established in 1979 to subsidize company-run training

programmes. In the financial year of 1998, the SDF committed more than S\$88 million in training grants but collected only S\$20 million¹.

To boost the continued development of the target industries like those of electronics and petroleum and maintain the sustained economic growth as the overriding objective for the city-state, the government has in the past respectively introduced a wide range of preferential policies and incentives to attract foreign investment and spur the development of the local enterprises. Part of the preferential policies and incentives include²:

- (1) Tax incentives for companies pioneering in new technologies and engaged in new development and expansion activities and R&D activities, etc;
- (2) Research and product development grants ranging from “New Technology Initiatives”, “Research and Development Assistance Scheme” to “Innovation Development Scheme”, etc;
- (3) Small company grants ranging from “Local Enterprise Finance Scheme”, “Local Industrial Upgrading Programme”, “Small Industries Technical Assistance Scheme”, to “ISO 9000 Certification” and “Enterprise Collaboration Forum”; and
- (4) Local Industry Upgrading Programme (LIUP) which aims at upgrading and developing a local enterprise from a total business perspective.

¹ In a speech by Deputy Prime Minister Lee Hsien Loong at the launch of Manpower 21 on 31 August, 1999, at Suntec City, Singapore.

² For detailed information, please refer to Singapore Economic Development Board’s (EDB) website at <http://www.sedb.com>, and also refer to Kwong, K. 2001. Singapore: Dominance of multinational corporations. In Kwong, et al. (Eds). 2001. Industrial Development in Singapore, Taiwan, and South Korea. Singapore: World Publishing Co. Pte. Ltd, pp. 27-33.

Apart from the wide range of incentive and assistance programmes, the Singapore government has always reacted promptly and actively in times of economic adversity, allocating large amounts of extra funds with a series of special relief measures to help enterprises and public to tide over difficult times, as evidenced during the Asian financial crisis between 1997 and 1998 and the current worldwide economic downturn following the September 11 terrorist attack of New York. For example, faced with the backsliding economic situation worse than that in the 1997-98 Asian financial crisis, the Singapore government launched a US\$6.3 billion off-budget package in October 2001 to help enterprises and people deal with the economic downturn, in contrast to the US\$1.9 billion worth relief package provided by the Hong Kong government. Furthermore, the senior civil service officers and members of the parliament (MPs) in Singapore take initiative to have their pay cut by 10 per cent for 12 months (Xiao, et al., 2001).

All those government assistance policies and incentives as well as their extraordinary relief measures at the particular time of adversity may help in some way motivate business companies to step up their efforts in preparing themselves to cope with uncertainties and adversities as well as improve on their operation and management standard as a whole.

Based on his study on Singapore government's role in bringing about the remarkable economic accomplishments, Khan (1997) analyses the reasons why the Singapore government's intervention is so successful. He observes that it is not the government intervention per se that distinguishes the city-state from other less developed countries but it is the effectiveness of state intervention and quality of interventionist measures that made the crucial difference.

Apparently, the Singapore government's consistent and proactive intervention has worked successfully in transforming the city-state into a developed country today. Consequently, the government's attitude towards the economic and industrial development and its wide range of preferential policies and incentives available for upgrading the management of companies might have to some extent influenced the way the companies operate in terms of their operation and management. For example, given the relatively stable domestic social and political environment and the wide range of financial assistance schemes aimed at helping companies train their employees and upgrade their operation and management, many companies might possibly be motivated to proactively prepare for crises as they might find it not too difficult or expensive.

2.4.2 Government in Hong Kong

As another of the "Four Asian Dragons" (Khan, 1997:88), Hong Kong is similar to Singapore in that it has also captured the attention of a large number of scholars, business people and policy makers worldwide. In comparison, however, the government in Hong Kong has played a significantly different but unique role in its own economic accomplishment.

Unlike the Singapore government with its consistently extensive interventionist role, the government of Hong Kong is nevertheless found to have chosen a "hands-off" approach, which has been proved over the past decades to be equally successful in ensuring the fast and sustained economic development of the territory in the past. Based on his research, Kwong (2001) notes that the most important factor underlying the territory's economic robustness is perhaps the flexibility of the market mechanism, which has spurred growth in the prosperous years, and prompted quick recovery in the

depressed ones. Various studies haven't come up with a similar finding that Hong Kong's development pattern is characterized by a high dependence on small and adaptable entrepreneurs to find new business opportunities and a minimal involvement of the government in production and therefore may be described as the result of entrepreneurial capitalism (Pang, 1988, as quoted by Yu, 1997:55).

Indeed, except in land and housing, government intervention in economic affairs of Hong Kong has been minimal in the past. This philosophy has been described as "positive non-interventionism" by the former financial secretary of the territory, Sir Philip Friedman (1976, as quoted in Yu, 1997:5) as a classic illustration of the benefits of free market policy. The intention of this positive non-interventionism was to allow people to pursue economic goals in a largely unfettered way (Yu, 1997). On the other hand, Hong Kong is widely known for having a large number of risk-taking entrepreneurs and a general speculative attitude among its people, as mentioned and discussed earlier. They recognize and acknowledge the significant rewards that may result from taking risks to start a new business (McGrath et al., 1992, as cited in Cheung and Chow, 1999:373).

Some scholars observed that East Asian NIEs like Singapore, South Korea, and Taiwan have employed various instruments to channel capital for developing selected industries and effecting technological changes. They "have redirected huge amounts of resources away from the market and into projects that were favoured by the government" (Kwong, 2001:236). In *laissez-faire* Hong Kong, however, a higher than desirable proportion of the economy's investment goes into quick-return speculative economic activities (Kwong, 2001).

Hong Kong is often described as a capitalist paradise and generally regarded as the last bastion of laissez-faire by free market economists (Rabushka, 1979; and Woronoff, 1980, as cited in Yu, 1997:58). The traditional philosophy of the government's public finance can be evidenced from the famous statement made by the former Financial Secretary of the Colony, Sir John Cowperthwaite (Hong Kong Government Secretariat, 1963, as quoted in Yu. 1997:58):

Let money fructify in the pockets of taxpayers. Government should not presume to tell any businessman and industrialist what he should do or should not do; attempts to frustrate the operation of market forces will tend to damage the growth rate of the economy.

Consequently, the laissez-faire government in Hong Kong has mainly provided social stability and created an environment to facilitate the industrial development and enable business people to exploit opportunities. Particularly in manufacturing industries, the government, unlike its Singapore counterpart that actively provides well-designed directive guidelines with various incentives, has played only "a catalytic role" for development by motivating the people to exercise their entrepreneurial spirit (Soon 1994:144, as quoted in Yu, 1997:161). In the early 1990s the territory's per capita GDP surpassed that of her colonial parent Britain and at the time of the historic handover Hong Kong was the eighth largest trading economy in the world (Ellis, 1999).

From the mid-1980s, Hong Kong witnessed a rapid decline in the role of manufacturing. The process of deindustrialisation and industrial restructuring has gradually transformed the territory into a leading trading and financial center. As a result, the share of manufacturing in the territory's GDP dropped drastically from 34 per cent in 1978 to nine per cent only in 1996 (Kwong, 2001), which is in striking contrast to

the development trend of Singapore's manufacturing sector.³ There was even more marked shift in Hong Kong's employment patterns. Jobs in manufacturing sector dropped from over one million in 1981 (41 per cent of the workforce) to 750,000 in 1990 (28 per cent) to 590,000 by 1993, while service employment increased from 47 to 79 per cent of the total workforce between 1981 and 1990 (Rowley and Fitzgerald, 1999). The territory's economy has nowadays become increasingly service-oriented. Clearly, the flexibility of the market mechanism, not the government intervention, has made it possible for a smooth transition from a manufacturing economy to a service economy in the past decade. "The market has served Hong Kong well. Hong Kong has the foundation that allows free flow of resources and nurtures entrepreneurial activities (Kwong, 2001:238)."

Regarding the actual role of government in economic development, Luedde-Neurath (1988:103, as cited in Yu, 1997:160) identifies two kinds of government intervention, that is, promotional and directive. The former aims to restore markets to their proper function. It does well in creating a favourable environment and providing public goods such as infrastructure, education, etc., which cannot be supplied efficiently by private markets. The latter aims to achieve predetermined results through conscious interference, along with market forces and selective application of incentives and/or controls. Based on Leudde-Neurath's categorization as well as the discussion above, readers can easily see the role of Singapore government appears to be more of "directive" while the Hong Kong government's role is more of "promotional". The difference of government functions and roles in economic and industrial development will invariably

³ As mentioned previously, the share of manufacturing sector in Singapore's GDP rose from 20 per cent in 1970 to nearly 30 per cent in 1980 and then maintained at around 27 per cent in the 1990s (Kwong, 2001).

influence the way of business operation and management and, likewise, may influence companies' perception of, preparation for and reaction to various crises.

2.5 News media in Singapore and Hong Kong

Media relations is a crucial and integral part of public relations and corporate communications, and good CM requires skillful application of principles and techniques of public relations and corporate communications in dealing with news media. On the one hand, the media coverage is often one of the major factors transforming an incident into a crisis and therefore media are often blamed for the way they outbid one another or offer interpretations or value judgments and sometimes even quite simply for their description of reality (Ogrizek and Guillery, 1999). Nelkin (1988) notes that the media frequently become highly influential interpreters of crises by filtering or framing their perspectives, with a tendency to reinforce existing public biases. In terms of a company's CM and corporate communications, news media serves not only as one of the important stakeholders or audiences, but also as a crucial instrument for the organisation to reach and communicate with its other stakeholders. Effective communication with news media at normal times will definitely help an organisation at times of crisis to reduce misunderstanding from the stakeholders and also reduce the magnitude of damage and loss in several other aspects. Therefore, proactive managers who are aware of this will probably take initiatives to establish and maintain a good relationship with them prior to any crises and make a good use of them during crises. Such managers will also be sensitive to the different characteristics of the media in general across countries.

On the other hand, the prevailing practices of the news media in a particular society may also in one way or another influence the business executives in their

perceptions of the media's professional feature or style and subsequently influence their perceptions of and attitude towards the media's roles for their organisations' CM practices. In the next section, I review the general characteristics and influences of news media in Singapore and Hong Kong.

2.5.1 News media in Singapore

Singapore's infrastructure in media and communication technologies is well developed and among the most advanced in the region. People in Singapore have an easy access to a fairly wide variety of newspapers, magazines, radio and television programmes.

At present, there are about 10 local daily newspapers in the four main languages including the English The Straits Times, Business Times, The New Paper, and the Chinese Lianhe Zaobao, Lianhe Wanbao, and Shinmin Daily News, with a total combined circulation amounting to nearly 1.2 million people (Foo, 2001:196). The most influential newspapers are the English Straits Times and Chinese Lianhe Zaobao. All the newspapers except Today are published by the Singapore Press Holdings (SPH), which is the only print media group, or a monopoly, with strong links to the government. The SPH is currently operating and managing its newspapers in two major divisions: one for English and Malay newspapers and the other for the Chinese newspapers. Most of the newspapers provide their electronic version on internet.

Apart from the local newspapers and magazines, readers can also find about 4,500 foreign publications, journals and magazines (Singapore Yearbook 1998, 1999:243). As of the end of 2000, there were 227 accredited correspondents and photographers/soundmen based in the city-state representing nearly 70 foreign news and agencies, news

magazines, newspapers and broadcasting stations from countries throughout the world (Singapore Facts and Pictures, 2001:195).

Concurrently, there are seven television channels run by the two local media players. Media Corporation Singapore, or MediaCorp, is the biggest broadcaster in Singapore owning and operating five of the seven TV channels and publishing one tabloid Today. Another broadcaster is MediaWorks, which is a relatively new subsidiary of SPH and operates the remaining two channels of TV programmes. Apart from the seven local television channels, residents can also watch a few television channels of programming broadcast by its neighbouring countries like Malaysia and Indonesia. Meanwhile, residents can now subscribe to more than 40 channels of international programmes from StarHub, a Singapore-based info-communications company that provides a full range of information, communications, entertainment services over fixed, mobile and internet platforms. In addition to television, there are about 20 radio stations operated by four local broadcasters, the biggest of which is MediaCorp running 11 local and three international radio stations.

To cater to the audience from different communities, local radio and television programmes are broadcast in four languages – English, Chinese, Malay and Tamil, though a majority of the programmes are in English and Chinese. Efforts have been made by the local media operators to maintain a balance of news, information and entertainment programmes to satisfy the needs of general public in a multiracial and multilingual society.

As a whole, both television and radio programmes have a very high penetration in the city state, with 98 per cent of the population watching television on a weekly basis and 77 per cent of adults listening to radio on a daily basis (Stravens, 1996).

Generally speaking, news media are under close monitoring and control by the government with comprehensive and stringent media laws and regulations in force. In addition to the government legislation, media organisations all have their own sets of in-house rules to make sure that their journalists behave in accordance with the professional practices acceptable in the society. Any attempt to use the news media to sensationalise ethnic issues in the multiracial society, undermine the social and political stability and national security, or cause misunderstanding between Singapore and its neighbours is seriously dealt with. As a result, journalists in Singapore have generally found to be well self-disciplined, performing, well within the stipulated limits, their professional duties of informing, instructing and entertaining the general public in the small island country. Both individual journalists and news organisations have consciously exercised self-censorship in their daily practices. Consequently, unethical journalist activities such as paparazzi acts, fabrication or sensationalisation of news stories are rare. Compared with their counterparts in Hong Kong that have often emphasized the freedom of speech and press and resorted to all means to outbid each other for an increase of readership and circulation, they may be seen by some observers to be relatively tame.

2.5.2 New media in Hong Kong

Like Singapore, Hong Kong's media and communication infrastructure is also among the most developed in Asia. However, its media have a greater variety in both number and content. The territory has more than 70 daily newspapers, over 600 periodicals, two private television companies broadcasting four channels, a subscription television service, an Asian regional satellite television service (i.e., Star TV) with five channels, one public or government-funded radio-television station with seven radio

channels and shared usage of all four television channels, and two commercial radio stations with six channels (Martin, 1996).

In this territory of nearly seven million people with 98 per cent of the residents being Chinese, most of the newspapers and the many periodicals are in the Chinese language and English publications account for only about five per cent of circulation (Euromonitor Plc, 1994). Of the Chinese language daily newspapers, 33 cover mostly general local and international news, three are chiefly financial news and the rest cover entertainment and gossip (Martin, 1996:62). The most influential or popular daily newspapers include the Chinese Ming Pao Daily News, Sing Tao Daily, Oriental Daily News, and Apple Daily, and the English South China Morning Post, Hong Kong Economic Times, and Hong Kong Standard. The readership level in Hong Kong is high, with three out of four people reading a newspaper on an average day (Martin, 1996).

Despite the high level of newspaper readership among the Hong Kong residents, television viewing is found to be the first choice for most people as leisure time activity, with 96 per cent of the residents tuning in during any 24-hour period (Martin, 1996:57). In fact, “the television penetration reached 98 per cent” as early as in 1980s (Chan et al., 1997:465). Most of the local television programmes are locally produced by Television Broadcasts (TVB) and Asia Television Limited (ATV). All the television programmes are broadcast in English, Chinese and Cantonese, which is today still preferred as the most popular communication medium among the residents in the territory, though a majority of them are in Cantonese. News and information are an important part of the programming on all channels (Martin, 1997:59), though entertainment programming is found to take up most of the time. In fact, entertainment programmes are used by all broadcasters as a crucial means to expand and strengthen their audience share.

Apart from television, there are about 15 radio channels, as of 1996, broadcast in Hong Kong, including seven from Radio Television Hong Kong (RTHK) and three by Hong Kong Commercial Broadcasting Company (Martin, 1996:60). Radio programming has a coverage rate up to 47 per cent (Martin, 1996:57).

Compared with most other countries in the region, Hong Kong enjoys media freedom and has been a major publishing centre in the region. It is worth noting that the news media in the territory have continued to operate much the same way as they did prior to Hong Kong's historic handover on July 1, 1997 and "freedom of press continues to thrive" ever since (Ching, 2000:154).

On the other hand, Hong Kong's media organisations are mostly privately owned and the competition among the mass media has been very fierce all the time. The past decade has witnessed severe price wars a few times among the local newspapers, with birth of several new newspapers and the demise of quite a few others as a result. The high competition among the media players with the government's persistent laissez-faire approach in its administration seems to have given journalists much room to play their role in a much more bold or aggressive way, compared with the cautious journalists in Singapore. Meanwhile, extreme commercialism is found to prompt some news organisations to resort to sensational reporting with the pretext of satisfying public's needs (Chan, et al., 1997:463). Meanwhile, paparazzi reporting practices as well as excessive sensationalisation of news events are not uncommon (Zhang, 2002).

Consequently, the credibility of news media in Hong Kong has shown a decline over the past decade. According to a recent opinion survey conducted by University of Hong Kong (Hong Kong Economic Journal, as quoted in Lianhe Zaobao, April 21, 2001, p.30), Hong Kong's media are ranked lower than their counterparts in Singapore and Japan in

terms of the public credibility and sense of responsibility, though its media enjoy the most freedom among the Asian countries.

2.6 Summary

The status of Singapore and Hong Kong companies' preparedness for dealing with crises has remained nebulous. Although there exist opposite views regarding this central research issue, businesses in Asia as a whole have in the past often been described as not well prepared for dealing with crises primarily due to cultural factors. Meanwhile, companies' crisis perceptions and preparedness may possibly be influenced by some factors arising from the environment in which companies are operating and developing. Among other things, they may include the government's role and media influence. This chapter has examined and compared those relevant factors in each of the two places. Singapore and Hong Kong both have a high proportion of ethnic Chinese people and are therefore permeated with influences of traditional Chinese culture. On the other hand, the government in each society has played an important but unique role in its prominent economic growth. In the course of economic development, they have proved generally successful in reaching the same destination by different routes. Moreover, the media differ in terms of aggressiveness. All those relevant aspects in the environment are believed to be capable of exerting certain impacts on the companies in the two places in respect of their crisis perceptions and preparations as well as their practice propensity of business management.

CHAPTER 3

CONCEPTUAL FRAMEWORK AND HYPOTHESES

This chapter presents a conceptual framework for the current study and all the specific hypotheses associated with the general research questions brought up in the first chapter. The proposed conceptual framework attempts to define the composition of the important construct of crisis preparedness and meanwhile propose its relationship with a number of possible explanatory or predicting factors which are associated with the organisational and environmental characteristics and the perceptions of managers in the organisation as well. In effect, the proposed conceptual framework serves as the scope and focus of the current study.

3.1 Conceptual framework

As discussed in the first chapter, companies' preparations for crisis can be gauged by some major indicators such as a general crisis management (CM) plan, a written CM plan ready as the action guideline, a CM team/unit or task force set up for coordinating and integrating the action across the organisation in time of emergency, and regular drills for staff/employees across the organisation at normal times to prepare them for handling crisis situations. In fact, a company's crisis preparedness can also be reflected to some extent from the top management's perceptions and mentality regarding crises and CM (Reilly, 1987) and from the corporate culture that prevails across the whole organisation as well (Mitroff, 1990). However, top management's awareness and mentality regarding crisis and CM or the corporate culture of crisis would be very difficult, if not impossible, to operationalise and measure in a study because they very often rely heavily on

individuals' perceptions and therefore could be very subjective or even personally biased, which could probably result in considerably disparity from one individual to another. In other words, different individuals in an organisation are likely to demonstrate very different perceptions of the same issue such as their organisational culture regarding crisis prevention and preparation or their top management's attitude towards or mentality concerning crises and CM, because their criteria or benchmark for the issue may differ from one individual to another.

Nevertheless, those specific and important indicators representing an overall level of crisis preparedness of an organisation are in fact capable of reflecting to a large extent both the top management's perception and mentality of crises and CM and the corporate crisis culture. This is because those specific organisational measures are difficult to come by or keep operational and updated without the continued support and direct involvement of the top management in an organisation (Mitroff and Pearson, 1993; and Remsik, 1999). Likewise, a conducive and desirable corporate crisis culture cannot be possibly cultivated or prevail without some specific prevention mechanism in place and regular preparatory practices and drills executed. Therefore, it is not difficult to infer that behind those specific and crucial components of integrated construct of overall crisis preparedness there actually stand the indispensable support and involvement of the top management and also the favourable corporate culture for addressing the issues of CM.

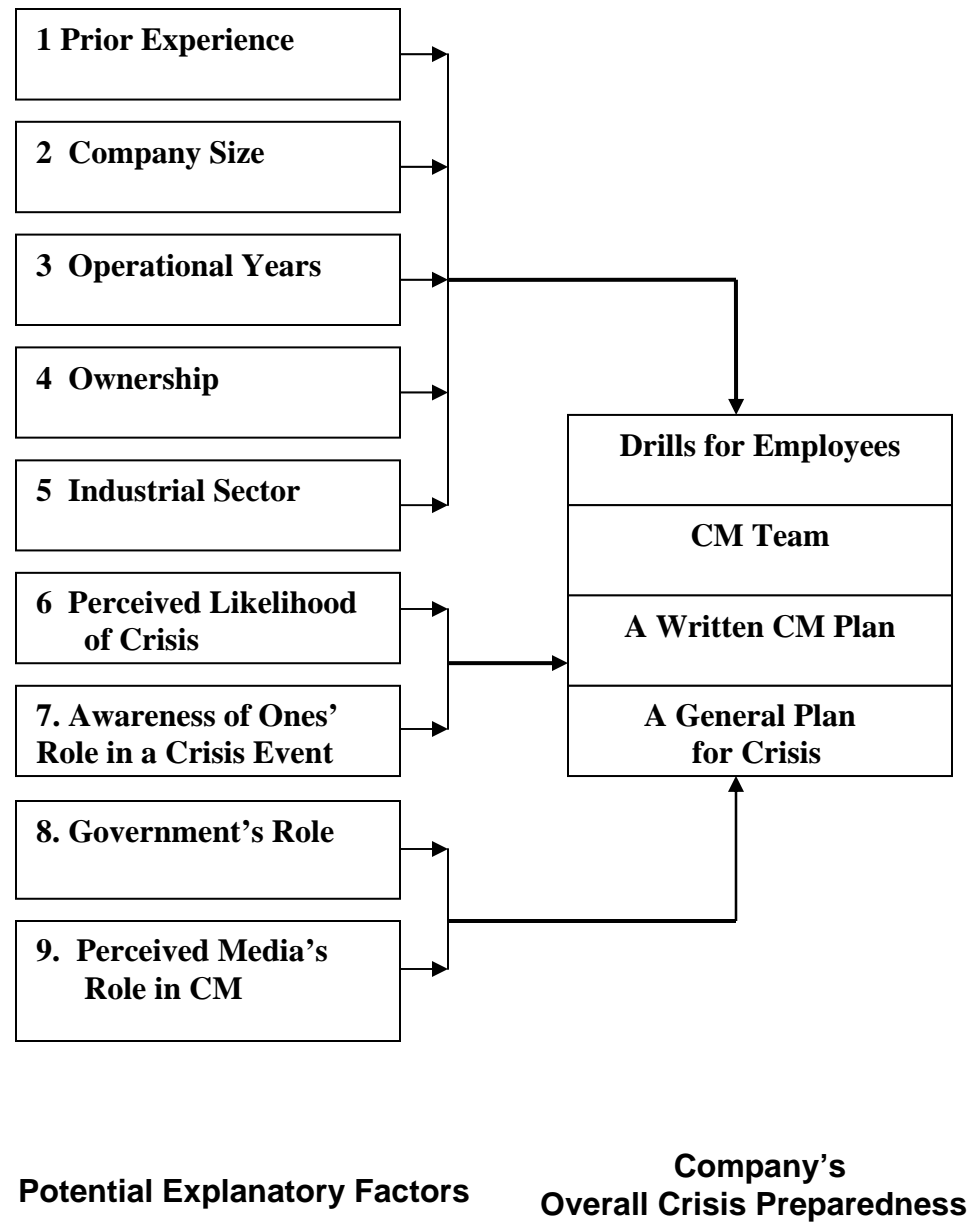
Based on the discussion in the first chapter and analysis above, four specific indicators, namely, a general plan for crises, a written CM plan, a CM team or task force and regular drills for employees, are therefore chosen in this study to comprise an integrated but measurable construct representing a company's overall crisis preparedness.

Each component included in this integrated construct of companies' overall crisis preparedness is explicit, concrete and observable. The construct is integrated because it is composed of four individual elements and none of them seems to be able to outweigh the others distinctly in terms of the priority and sequential order. The four crucial ingredients are frequently mentioned and emphasized by both academics and practitioners, as evidenced in the CM literature. However, hardly any attempts are found to rank or prioritise them in respect to their importance in the whole CM repertoire. This study takes the four integral components to represent the overall crisis preparedness in an organisation. Therefore, the synthesized construct is to serve as the crucial dependent variable throughout the following sections and chapters of this dissertation.

Earlier research has shown that the success of companies' CM hinges on three categories of factors: organisational, environmental, and human perceptions or attitudes (Barton, 2001; Mitroff, 1993; Pearson and Clair, 1998; Reilly, 1987; and Wisenblit, 1989). Specifically speaking, a company's crisis preparedness may possibly be influenced by such factors as the organisation's prior experiences with crisis, its size and operational length, ownership status. Managers' perceptions of and attitude towards CM issues also influence the CM in their companies. Meanwhile, CM may also be affected by environmental or societal factors, the government's policies towards industry, the news media's reporting practices and approaches, and the prevailing culture.

For this study, a conceptual framework indicating the possible correlation of companies' overall level of crisis preparedness with a total of 10 of explanatory or influential factors is thus proposed (See Figure 3.1).

Figure 3.1 Conceptual Framework for Relationship Between Company's Crisis Preparedness and Its Relevant Predicting Factors



3.2 Research hypotheses

Based on the conceptual framework illustrated above and the analyses in the previous chapters, a total of ten specific hypotheses will next be deduced corresponding to each of those influential factors as shown in the figure. They are all associated with the first two general research question brought up in the first chapter. In addition, another two hypotheses associated with the third and fourth research question of this thesis will be proposed right after.

3.2.1 Prior crisis experience

Although past studies have revealed some contradictory implications as to whether a company's prior crisis experience has a positive or negative impact on its present level of crisis preparedness, some studies do have indicated that "organisations which have experienced crisis in the past should exhibit greater readiness for future crises" (Reilly, 1987: 83). Some past studies conclude that crisis experience enhances the organisation's ability to both participate in the prevention process and responding to warnings as well (Mileti and Sorensen, 1987). Therefore, it is reasonable to assume that prior experiences with crisis might likely help a company come to see more clearly the necessity and importance of making adequate preparations for crisis in advance, thus increasing the company's level of crisis readiness as a whole. This is primarily because crisis experiences, not necessarily direct encountering, may help people learn how damaging or disastrous a crisis could be to an organisation and also what it is really meant by adequate preparations for crises in a real situation. A survey found that the Union Carbide disaster occurring in 1988 in Bhopal, India became an impetus prompting

many companies to develop crisis plans or improve on their earlier ones (Wisnblit, 1989).

The assumption that prior experiences help in CM also appears to be in conformity with the proponents of organisational learning, which asserts that an organisation coming through a crisis should have acquired knowledge about how to respond to new crises in future, thus improving on its level of readiness for future crisis (Argyris and Schon, 1978). Therefore, prior experience with crisis is proposed as a significant factor in this study to influence, in a positive way, companies' crisis preparedness no matter whether they are in Singapore or Hong Kong, and hence the following hypothesis:

Hypothesis 1: Companies that have experienced a crisis in the past will appear to be better prepared for crisis than those that have never experienced any crisis before.

3.2.2 Size of company

A large proportion of the past research on the relationship between organisational size and various organisational outcomes including capability to cope with crisis also reveals conflicting implications regarding the dependence of a company's crisis readiness on its organisational size (Reilly, 1987 and Wisnblit, 1989). Some research suggests that increasing size may result in decreasing crisis preparedness (Reilly, 1987). As we know, a company usually grows along with an increasing number of employees, expanding market shares, more variety of products, and more earnings. At the same time, its growth and success may probably draw more attention from competitors and from customers and other relevant stakeholders. When it is hit by a crisis, a large company

may probably produce a greater impact on its environment in many aspects than a small company.

Nevertheless, a large organisation may in its path of development suffer from cumulative control loss (Williamson, 1975), which could considerably constrain their communication and information ability (Reilly, 1987) and also lessen its capability to respond to uncertainties. Meanwhile, Hannan and Freeman (1977, as cited in Reilly, 1987) argue that, in comparison with small firms, large organisations are more likely to display structural inertia; and thus be less able to respond quickly to an emergency situation. Moreover, Mitroff and Pauchant (1990) notice that large companies are more likely to have a false sense of security, and harbour arrogant beliefs that they are so big and powerful that nothing could damage them. The arrogant belief “could nonetheless help to cause a crisis that will bring them down (Mitroff and Pauchant, 1990: 86).”

In contrast, there is other research on the association of the size with various organisational outcomes suggesting that big organisations may be more prepared for crisis (Reilly, 1987). Wisenblit's (1989) survey of 166 firms in the United States reveals that larger companies have both the need and resources to be better prepared for crisis while smaller companies have the need but often lack the resources for the purpose of CM. Apparently, the size and resources of a company affect its capability of dealing with crisis (Barton, 1993). With those valuable resources, large companies may be able to have a better strategic planning and institutional preparations than small companies for coping with changes and uncertainties in their environment. They may be more likely to come up with better organisational structures and operational procedures for a sound system of crisis prevention and management. Their advantages arising from the large size

coupled with more needed resources may enable them to enhance their capability for responding to crisis, thus increasing their standard of crisis readiness.

In order to measure the existing relationship between companies' overall crisis preparedness and their size in the two regions respectively, the following hypothesis is thus proposed:

Hypothesis 2: Companies' crisis preparedness will differ due to their size in terms of employee number. Large companies are better prepared for crisis than small ones.

3.2.3 Age of companies

It is reasonable to assume that the longer a company has been in operation, the more likely it is to either directly experience a crisis or closely observe others' in an emergency situation. Older companies may have more opportunities than younger companies to see the harmfulness from a crisis by direct experiences or others' crisis encountering and thus put in more efforts for better preparations. The organisation can presumably learn and also benefit from the relevant experiences for its better management and development. Furthermore, in comparison with younger companies, older companies may acquire more advantages through their years of organisational learning activities, which may in turn enable their managers to take on a better position to find out and address their organisations' vulnerabilities and potential risks related to their own business operation and development. Consequently, it will enhance and/or raise the organisational capability to respond to a crisis as a whole. Therefore, it is hypothesised for the companies from Singapore and Hong Kong as follows:

Hypothesis 3: Older companies are better prepared for crisis than younger ones.

3.2.4 Ownership status

Past empirical studies have suggested different types of company ownership may produce a certain impact on their managerial choices and they have also consistently demonstrated a positive linkage between uncertainties companies may anticipate and the proactive strategies they may adopt (Tan, 2002). The positive impact of a large organisation in relation to its crisis preparedness as discussed above may also apply well in a multinational corporation (MNC) and tend to make people believe that an MNC, with its wealth and varied experiences, teams of professionals and talents and other needed resources, should be competent in dealing with uncertainties and risks. Moreover, management literature has shown that a multinational parent company can exercise effective control over the affairs of its overseas subsidiaries through several dimensions including financial controls, operating controls, procedures and policies, and executive appointment (Sethi, 1987).

Barton (1993) points out that the managers of MNCs have had to grapple with a sharp increase in the number of threats targeting their operations in recent years. The continual expansion of business across country boundaries may invariably result in exposing an MNC to the threats of more potential accidents and crises in different environments along its stretched fronts and amid its processes of business transactions and operations. In comparison with non-MNCs, they have a special burden in the sense that crisis can cause a greater impact on the relationship of their stakeholders. MNCs are generally perceived as bearing a heavier responsibility in society and also receiving more attention or pressures from its stakeholders, which might in turn prompt its top management to attach more importance to CM so as to ensure its smooth operation and management under all circumstances. For example, Shrivistava and his colleagues

(1988) argue that chief executives of MNCs have a responsibility not only for coping internally with the technical and organisational problems of crisis but also with intercultural and international consequences. All this may make the managers of MNCs realise all the more importance and urgency of building a sound system of CM. In its nutshell, as Mitroff and Pearson (1993: 125) point out, CM requires the corporation to realise its moral and social responsibility to internal and external stakeholders, society, and even the global environment.

No CM literature has been found specifically addressing the dependence of companies' overall crisis preparedness on its ownership status or on the difference between MNCs and non-MNCs. Nevertheless, it would be of special significance to explore and examine the potential association, if any, in this aspect. Hence, the following hypothesis:

Hypothesis 4: MNCs will show a higher level of crisis preparedness than local non-MNCs.

3.2.5 Industrial sector of company

Earlier research on CM found that companies' crisis preparedness is associated with the industry in which companies operate, and a higher percentage of utilities and transportation companies were found to have CM planning and other relevant preparations than companies in other industries (Wisnblit, 1989). In reality, the crisis potential of companies differs with the specific types of technologies the companies use and the nature of their products, services and customers (Shrivastava and Mitroff, 1987), and certain types of organisations have a higher probability of crisis risk than others (Barton, 1993). For example, more crises have been found to befall companies in public

transportation and banking and financial sectors than in others sectors like, say, industrial materials and consulting service sectors (Wisnblit, 1989). In other words, companies' probability of encountering a crisis appears to be closely related to the very sector in which they are operating. Oftentimes, the high degree of crisis probability is largely attributed to some special nature or characteristics of the particular industry, as often displayed in the products and/or services, and also the operation process.

As a result, companies operating in an industry characterized by recurring threats or crises may naturally come across more chances of either direct experience of crisis or observed behaviour of their industry competitors undergoing crises situations, both of which may serve as a learning process for companies in that particular industry, thus probably prompting the organisations in high risk industries to make more preparations for responding to any crisis in an efficient way.

Based on his long years of review and observation of several hundreds of crisis cases in the United States of America, Barton (1993 and 2001) has categorized enterprises and organisations across various industries/sectors into three major groups in terms of their susceptibility to organisational crisis.¹ The three major industries or industrial sectors are labeled as "High Risk, Medium Risk, and Low Risk" indicating the different likelihood of crisis befalling the organisations operating in each of the three contexts. In this study, the industrial sector was thereby operationalised for companies in Singapore and Hong Kong as an explanatory or predicting variable with three discrete scales each corresponding to one of Barton's three risk category groups.

¹ Please refer to Appendix A for the 43rd question in the 6th section of the questionnaire. The question was designed based on the risk category classification table listed by Barton (1993: 65-66).

In order to examine whether and how the overall crisis preparedness of companies in both Singapore and Hong Kong is associated with the particular industrial sector in which it operates, it is thereby hypothesised that:

Hypothesis 5: Companies' crisis preparedness will differ due to the industrial sector in which they are operating. Companies in a higher risk sector will appear to be better prepared than those in a lower risk sector.

3.2.6 Managers' perceived likelihood of crisis

Past research has looked into the links between business executives' perceptions of crisis or risk and their organisations' CM preparations (Pearson and Clair, 1998). Mitroff and Pauchant (1990) once noted that how senior business executives thought about and reacted to the possibility of a major crisis happening to them and their organisations could provide a valuable channel for the CM studies. In many cases, perceptions of top management determine cultural beliefs in the organisation about the value and need for CM (Pauchant & Mitroff, 1992). It has been argued on the basis of rational organisational behaviour assumptions that an organisation which perceives a high likelihood of encountering a crisis would react to it by deploying relevant resources to prepare for the unwelcome event, thus increasing its crisis preparedness (Reilly, 1987). As managers, they are supposed to scan and monitor the environment closely and evaluate the relevant environmental factors in a timely manner so as to manage and ensure the smooth operation and steady development of their organisations. When managers come across a situation in which they perceive a high likelihood of crisis occurrence, they may, driven by their duties and responsibilities, and/or even human instinct, tend to take action attempting to make some necessary preparations for the

difficult situation. This is because crises are often thought of by managers as occasions to demonstrate their competence, according to Kielser and Sproull (1982). When managers react in an attempt to deal with a perceived imminent threat, their organisations' crisis preparedness may be expected to increase as a whole, depending on how many resources they have available and how much effort they have actually made. From their interview with 350 business executives, Mitroff and Pauchant (1990:14) notice that if the individual executives are especially prone to accidents and crisis so that they are labeled "accident prone", their organisations are mostly likely the same. To examine the possible relationship between the overall crisis preparedness of companies in the two regions under study and their managers' or key executives' perceived likelihood of the potential crisis, the following hypothesis is proposed:

Hypothesis 6: Companies' crisis preparedness level will be positively related to their managers' perception of the likelihood of crisis occurring to their organisations. The higher likelihood they perceive of a crisis occurrence, the better prepared their companies will be.

3.2.7 Organisational people's knowledge about their role in a crisis event

In order for a company to be well prepared for crisis, the important task and responsibility should not be confined only to a certain functional department, unit, office or a particular manager of an organisation. In effect, good CM should involve all the people throughout the organisation. It is especially important to fully involve all of the top management in an organisation in order to make the whole CM system successful. Without being properly informed of the preparations for crisis responses, managers or other key employees will not be able to deal with the occurrence of unanticipated threats

and their efforts to respond to an emergency situation will be short-circuited by the lack of needed information (Reilly, 1987). Ideally, it is only with the participation and dedication of the whole organisational members, top management and ordinary employees alike, can an organisation expect to build a high standard of CM system and maintain a really high level of preparedness for crisis all the time. In other words, as a company develops its CM system and increases its crisis preparedness standard, it becomes imperative to account more and more on the support and participation of the whole staff, whether senior executives or ordinary employees, for its complete success. For example, a company that has only a general plan for crisis or written CM plan may not necessarily get the involvement of the whole staff so much as other companies that not only have the plans but also set up a CM team and moreover conduct regular drills among the staff. Through the overall preparatory practices and measures as in the latter type of companies, the people across the organisation tend to have more opportunities to learn about their role and responsibility not only in a crisis event but also in the whole CM system. In other words, as a proactive company substantially increases its preparedness level, not only those people specially in charge of the particular CM work, but also other people across the organisation, whether from the top management or from ordinary staff, tend to have more opportunities to familiarise themselves with their responsibilities and thus become increasingly knowledgeable about his role in a crisis situation, knowing how to react and behave properly amid an emergency event. Based on the reasoning and analysis above, it is thus proposed:

Hypothesis 7: Companies' crisis preparedness will be positively related to the level of their organisational members' awareness of their role in a crisis event.

3.2.8 Impact of government's role

Business companies' operation and development will be invariably restricted or affected by their environmental factors, of which government's role is often counted as a critical one. For example, a laissez-faire government might turn out to be helpful in some way to business companies in cultivating their entrepreneurial spirit and risk-taking propensity in their business management and development, as evidenced in Hong Kong. Companies under a laissez-faire government may perceive that the government's policy towards crisis response and preparedness is "hands-off". Given the unpredictable and inevitable nature of crises and the changing environment, companies may find it very costly and impractical to prepare themselves for crises. They may also give up on making any efforts in CM because there is no perceived support from external bodies, such as the government. They may become resigned and believe that it is beyond their control to prevent and prepare for any crisis. Their business instinct and experience may often prompt them to calculate their expected profits with possible risks they can tolerate while neglecting crisis preparations. On the other hand, a more interventionist government may spur companies to manage and develop their businesses in a more rational and/or conventional way and also lead them to prefer to a risk-averse approach for their business operation, thus often ending up in a lack of the much-wanted entrepreneurial spirit. This is what has often been described about businessmen in Singapore.

Ample evidence has shown that the role of government often exerts a far-reaching influence on the way a company makes its strategic planning and manages its daily operation and short- and long-term development. One past study on the impact of government's policies and regulations on managerial values in Singapore and Hong Kong has implied that government's policies do have the potential to influence the Chinese

primal cultural values and business goals (Pearson, et al., 2000). Likewise, it will presumably affect a company one way or another in terms of its perceptions of crises, its ways of handling CM, and its level of crisis preparedness in the normal time.

However, except the only one study mentioned above, very little empirical study has been made before of the association between the influence of government's role and companies' CM and crisis preparedness. Drawing from the relevant literature and discussion on the unique and crucial roles played by the government of Singapore and Hong Kong in the previous chapter, it may be reasonable to assume that the unique and prominent role played by the government in the two regions could possibly produce an different impact on the business companies across the two regions in terms of their perceptions of and preparations for crises, thus resulting in a different level of crisis preparedness among the companies in the two regions.

In Singapore, the government's protective and proactive interventions in guiding economic development and regulating and safeguarding the business environment may help in, among other things, stabilising the general environment for business operations and development, which may in turn increase managers' confidence in preventing and preparing for crisis with their own proactive efforts and prompt them to put in necessary resources to improve their crisis preparedness and CM arrangement.

According to the general concepts and principles of classic and new institutionalism, what has been valued and emphasised by a government in a society may produce an isomorphic pressure on various organizations as well individuals in that particular context to follow and behave similarly. Likewise, Singapore government has been known for its consistent emphasis on proactive planning and preparations for any emergency situation or crisis prior to its occurrence. The proactiveness of the

government may in one way or another exert isomorphic and normative pressures on business companies to adopt the norm and to behave similarly.

In other words, government's unique role may become a crucial environmental factor when managers come to evaluate their own strength and feasibility for crisis preparations and other CM endeavours. Given the unpredictable and inevitable nature of crises, a protective and proactive government would probably be regarded by companies as a favourable condition adding to companies' confidence in handling crises and motivation to prepare themselves for crises. Therefore, under a government's protective and proactive interventions, companies may be more confident and willing to invest needed resources for CM endeavours and preparing themselves better for crisis attacks than those under a laissez-faire government. Hence, the following hypothesis:

Hypothesis 8: Companies under an interventionist government are more prepared for crises than their counterparts under a laissez-faire government.

3.2.9 Perceived media's role for CM

Ogrizek and Guillery (1999: 65) point out that "the media love crises and corporations hate them. ...and journalists are looking systematically for sensationalism." Media's specific reporting practices and style could invariably influence managers' perception of and attitude towards them and subsequently prompt them to react in a different way in terms of their media relations practices, which is an important part of CM. Some managers may clinch a belief that "media coverage is one of the essential factors transforming an incident into a crisis" (Ogrizek and Guillery, 1999: 65). Consequently, many of them who fail to learn how to deal with media successfully may

grow a kind of aversion or phobia for the news media and try to stay away from them in an attempt to avoid any unexpected trouble arising from their unfavourable reportage. It is particularly the case when their companies come across an unexpected trouble or emergency.

From the previous chapter, we know that news media in Singapore and Hong Kong operate in a unique way, somewhat different from each other. Specifically, news media in Singapore are generally found to be under a more strict control and operate in a more restrictive way with journalists conscientiously and closely observing the professional codes. In contrast, their counterparts in Hong Kong appear to be more aggressive, competing among themselves to win a wider circulation through different means including sensationalized reporting. In respect to CM and crisis preparations, when a company comes to deal with the media that appear aggressive or hostile to crisis-hit companies hit crises and tend to sensationalise an emergency encountered by any organisation, its initiative to make advance preparations for crisis is likely to be dampened and its CM practices and crisis preparedness may possibly be negatively affected.

On the other hand, some managers are conscious of the media's influential social power and impact and learn to deal with them to benefit their CM work and corporate communications with their stakeholders as well. They are aware that organisations generally held in public favour before a crisis will be allowed more latitude regarding their CM efforts, and those generally held disfavoured before the crisis will be judged with close scrutiny (Barton, 1993). With the strategic CM objective in their mind, those proactive managers tend to take initiatives to maintain a good relationship with the news media and make a good use of their unique power in time of crisis. Their effective

communication with media will enable them to have more chance of informing their stakeholders of the real situation amid a crisis event and therefore have more chance of turning an ordeal into a rare opportunity in favour of their companies' reputation and image. An exemplary instance can be seen from Singapore Airlines (SIA) following the tragic crash accident of one of its airplanes on October 31, 2000 at Taipei's Chiang Kai-shek International Airport. The way that local news media covered the various situations and occasions related to the accident was generally observed to be fairly professional and objective. Meanwhile, the way that SIA dealt with the news media on different occasions such as at press conferences as shown on TV was also observed to be quite professional and understanding. All this might not have happened without the consistent efforts made by the SIA in developing and maintaining an effective two-way communication with the news media in normal times.

The difference in managers' perceptions and awareness of media's role for the success of crisis communication and CM efforts may in turn affect their companies' effectiveness and standard of crisis preparations. That is because the media relations is a vital and integral part of effective CM repertoire and those who fail to realise the importance of it and manage to build ideal rapport with it cannot expect to maintain a really high standard of CM in their companies.

The different reporting styles of news media in the two places may have affected managers' perceptions of the media in terms of their attitude towards companies encountered with crises and media's importance and/or usefulness for the success of CM, which may in turn influence managers' initiatives to deal with the media for the purpose of a sound CM system and in the end influence their companies' preparedness level. In order to examine the possible association between the companies' crisis preparedness and

managers' perceptions of the media's reporting style and their special role in the effective CM system, it is thus proposed that

Hypothesis 9: Companies' crisis preparedness level will be related to their managers' perception of the media's operating style and role for CM. Managers who perceive the media as professional and objective and also understand the media's role in CM tend to prepare their companies better for crises than managers who perceive the media as hostile and underestimate the media's role in CM.

3.2.10 Overall crisis preparedness in Singapore and Hong Kong

It is known to all that CM has over the past twenty years remained an evolving, dynamic and prolific area in the West with numerous studies looking into the topic from a wide variety of perspectives. The research findings may have presumably been incorporated into the practice of modern enterprises management, thus making managers more aware of importance of CM and meanwhile increasing the standard of crisis preparedness and CM among the Western enterprises as a whole.

In contrast, the companies in Asia are very often assumed to be sluggish in their effort for good CM and hence low in crisis preparedness, though some studies have revealed that CM in Asia has been in development over the past two decades (Fienberg, 1999). As mentioned in the first chapter, many managers in Asia do not like to talk about or even think about crisis in the normal times, especially when business is good. To those managers, for their companies to get caught in a crisis means their poor competency in management or bad management (Meyer, 1986). A common cultural

aversion is often found among the Asian managers to think of crisis, as revealed in the past studies or media reports (Cox, 1999; Ruidl, 1997; and MacKenzie, 1994).

Therefore, the following hypothesis is brought forth:

Hypothesis 10: Companies in Singapore and Hong Kong in general are not well prepared for crisis.

By “well prepared for crisis”, it means a majority of companies under the study should appear to have already made specific preparations with such major indicators as a general plan for crisis, a written CM plan, a CM team and crisis drills for their employees.

With all the hypotheses proposed and listed above, we can see clearly some of them are related to the organisational factors such as the first five hypotheses, some related to the perceptual factors of those relevant people involved such as the sixth and seventh hypotheses, while some others, such as the eighth and ninth hypotheses, are deduced from those factors arising from the environment or society in which the companies operate. Among a total of ten hypotheses, only the first seven can be directly tested with those relevant variables generating from the survey questionnaire. The eighth hypothesis, and the ninth in part, were tested by content analysis with replies to some open-ended questions. The first nine hypotheses discussed above are expected to help respectively answer the first and second research questions brought forth for this study in the first chapter, while the last hypothesis, namely, Hypothesis 10, was supposed to help to answer the third research question of this study. For the sake of a convenient review, a

list of hypotheses and their characteristics and related research questions are listed below in Table 3.1.

Table 3.1 A List of Hypotheses and Their Related Research Questions

Research Question	Hypotheses	Hypotheses Feature
1. What are the major factors associated with business companies' crisis preparedness in Singapore and Hong Kong?	Hypotheses 1 – 5	Organisational Factors
	Hypotheses 6 – 7	Factors Related to People's Perceptions
	Hypotheses 8 – 9	Environmental Factors
2. What is the general level of crisis preparedness among business companies in Singapore and Hong Kong?	Hypothesis 10	Overall situation

CHAPTER 4 METHODOLOGY

4.1 Survey design

This study aims primarily to look into the crisis preparedness among various companies in Singapore and Hong Kong, and therefore individual companies were investigated and examined as the unit of analysis. To meet the objective, it is crucial to secure a good sample representing the whole industrial population for each of the two target contexts. The current study adopted the survey method, or a cross-sectional survey, to collect the desired data, investigating approximately 200 business companies respectively in the two places. In fact, a total of 413 companies were surveyed representing business companies, operating in both Singapore and Hong Kong, of various sizes, industrial sectors, ownership status and period of operation or age.

Among the various methodological instruments, the survey method was chosen on account of its obvious appropriateness and advantages as compared with some other research designs such as case study or laboratory experiments. Some major advantages of a survey have been highlighted by Wu (1997: 67) as follows:

- (1) It can measure many variables, or collect much information, at a time for a reasonable cost;
- (2) It is systematic, fairly objective, and quantitative;
- (3) It is flexible in its execution of data collection;
- (4) The researcher can estimate characteristics of a known population;
- (5) The researcher can get information about behaviour which cannot be observed;

- (6) It can be conducted in a realistic or natural setting, thus increasing its external validity; and
- (7) Data helpful to survey research already exist.

There are three major methods of primary data collection in the survey design. They are mail survey, telephone interview and face-to-face, or personal, interview. The mail survey, despite its obvious advantage of relatively low cost, is ruled out for this study because of such disadvantages as frustratingly poor return rate, no control over the target respondents, which is important for this study, and limitation of the desirable variables and data to be obtained. Senior executives, who are the ideal target interviewees in our study, may not cooperate if they have to personally complete the questionnaire because they are busy.

The telephone interview is also not suitable in this study because some questions requires only one answer from a long list of alternatives which may not be conveniently executable on the phone, the wide variety of issues included in the questionnaire may render the telephone interview too lengthy for the respondents, and some issues may probably be too sensitive for them to answer on the phone. Another weakness is that, with the telephone interview, there is a very limited control over the target subjects. Sometimes it may be difficult to verify whether the respondent on the other side of phone call is really the target manager or senior executive or just their assistant or even a secretary.

In comparison, the face-to-face interview is the most appropriate method of primary data collection for this study because of a few prominent advantages. The first is that it enables the interviewer to have close observation of and favorable rapport with the target respondents, “to notice and correct the respondents’ misunderstandings, to probe

inadequate or vague responses, and to answer questions and allay concerns (Judd, et al., 1991)”, which are what is needed in this study in obtaining the complete and value-loaded data.

Moreover, the face-to-face interview method will help ensure that the respondents are the desired managers or other appropriate executives in a position to address the issues of crisis planning and management/communication for their organisations. Another advantage of face-to-face interview is that it helps ensure no question will be easily skipped by the respondent unless there is a very good reason. It also has the advantage of obtaining valuable in-depth information on sensitive or open-ended questions, which respondents may not reveal in mail survey or telephone interview.

In the course of the over 350 interviews with top-level senior executives charged with overseeing crisis management for their organisations, Mitroff and Pauchant, (1990: xiii) have come to appreciate a vital point: How senior business and government executives thought about, conceptualized intellectually, and even more significantly, reacted emotionally to the possibility of a major crisis occurring to them and their organisations revealed more about them than all the rational studies of management and organisations. How people react to crises and/or extreme events, both real and imagined, provides one of the most powerful windows, if not *the most powerful window*, into the souls of people and their institutions. Therefore, the face-to-face interview is deemed as the most appropriate method for collecting the primary data in this study and the target subjects are ideally those who hold a senior position in their organisations. Specifically, an ideal subject for the personal interview should be someone who holds the most senior position responsible for the crisis management/communication of the company.

4.2 Sampling and data collection

The execution of sampling and data collection is a vital and integral link to the successful fulfillment of this study's objective since a good sample from the two places, as complete information as possible from the target respondents and furthermore an appropriate way of information gathering are all very crucial to a high-quality study. As we know, the target subjects for the interviews are those managers or relevant senior executives, who usually have full daily schedules and, on the other hand, may not readily want to reveal their companies' information or their personal views to any outsider. It was therefore decided that the data collection task should be executed by the professional survey and research agency, ACNielsen, in Singapore and Hong Kong.

Specifically, ACNielsen was commissioned for the task execution based primarily on the following considerations and factors:

- (1) ACNielsen is widely regarded as among the world's leading providers of market research, information and analysis to a great variety of clients in various industries. It is well known across Asia, especially in Singapore, as a professional survey agency with its rich experience and well recognized credibility for a wide variety of surveys;
- (2) The professional agency has long built and accumulated a reliable and comprehensive network and commercial database of the business companies across various sectors in both Singapore and Hong Kong;
- (3) It claims to possess a strong team of well-trained interviewers for tough interviews with busy executives.

- (4) The well-established professional agency has access to those busy and senior executives, who may otherwise likely decline a request for such an interview conducted by other people rather than those professional survey/research agents.

In short, ACNielsen was entrusted with undertaking the important but somewhat tough interview execution primarily for the sake of practicability, accuracy, reliability, and efficiency of the data collection. Their expertise is expected to help secure a good sample with quality data for this comparative study.

According to the ACNielsen, a random sample of companies both in Singapore and Hong Kong were drawn from ACNielsen's Commercial Database in the two places respectively. The Commercial Database of ACNielsen in Singapore is compiled from major business directories like Singapore Top 1000, Kompas, and so on, while the database for the Hong Kong ACNielsen is based primarily on the territory telephone directory, as reported by the coordinator from the agency.

In fact, the sample size of 200 companies in Singapore and 213 in Hong Kong was not generated out of any complicated calculation. Rather, it was basically the size that the two research grants provided by the National University of Singapore could possibly afford and that was meanwhile believed to be parsimoniously sufficient for this kind of study. The selected companies are of different sizes and ownerships across all the industrial sectors, capable of representing a relatively true picture of the business companies operating in Singapore and Hong Kong respectively.

Before the personal interviews took place, telephone calls were made to those selected companies to solicit the willingness of target subjects to participate in the personal interview. Once the appropriate person was identified through screening questions and his willingness of participation secured, an appointment was then made

with him. As mentioned previously, the appropriate subject had to be someone holding the most senior position in charge of the crisis management/communication of the company. If such a person could not be emphatically identified, the Public Relations Manager or Officer of the company (for a firm with more than 30 employees) or Managing Director (for a firm with fewer than 30 employees) was approached instead. In order to motivate the target subject's willingness for the interview and thus secure their active participation, an offer was made to them as an incentive, when they were first approached, that an executive summary of the study results would be sent to them after the whole survey research is completed.

The interviewees were told at the very beginning of the interview that their names would be kept confidential and no attempt to identify the respondents would be made in the following data processing and analysis. The names of those respondents were still kept confidential from the author of this dissertation and his supervisor as a principal investigator for the project and there is no intention at all to uncover their identity in future. This was emphatically highlighted to those interviewees so as to make them feel more at ease in revealing the expected information and expressing their personal views in a more frank and straightforward way, thus minimizing the negative effect of social desirability throughout the interview.

Each personal interview proceeded according to a questionnaire designed by the researchers. It usually lasted for about 45 minutes, depending on how much the subjects respond to those open-ended questions.

The task of data collection was executed respectively in March-April 1999 in Singapore and in August-September 2000 in Hong Kong.

4.3 Questionnaire design

As an instrument for collecting the data, the questionnaire for this study was in a semi-structured format consisting of about 50 questions, with a majority of them being close-ended questions and only a small part in the form of open-ended questions intended for further probing (See Appendix A for a copy of the questionnaire). The questionnaire was designed with reference from those relevant concepts, questions and formats discussed and/or employed by some researchers in their earlier studies including Mitroff (1992, and 1993), Barton (1993), Nudell and Antokol (1988) and Ruidl (1997). Some necessary modifications were made in accordance with the focus of this study and the real situations in Singapore and Hong Kong.

The main body of the questionnaire comprised the following six major sections:

(1) Perception of crisis. This section, as the subtitle denotes, was meant for collecting some basic variables regarding the subject's perceptions of and views on a crisis and crisis management, his company's direct crisis experiences, if any, and capability to handle a future crisis. Examples of questions in this part are "What kind of situations would your company consider as a crisis?" "How likely do you think your company will face a crisis?" etc.

(2) Planning for crisis. This part intended to investigate whether the subject's company has planned for any crisis and what kind of crises they were on guard against. It also asked about the attitude and knowledge of the people throughout the organisation regarding the crisis planning and how they involved in the anti-crisis preparations. Typical questions included "Do your company plan for crises?" "What crises does your company plan for?" etc.

(3) Crisis management plan. This section went further to examine the objective, scope, contents and extent of the CM plan and the whole CM practices in the subject's company and the personnel involvement in the plan designing process. For example, one question in this part asked if the company had already made a written crisis plan. Another question asked if the company's crisis plan had specified the nine areas such as how to determine a crisis has occurred, how to judge the impact of the crisis on the company; a chain of command, crisis control centre, members of a crisis management team, and so on.¹

(4) Human resource issues in crisis preparation. This section mainly aimed to investigate whether the subject's company had set up a CM team, a very crucial indicator for effective crisis preparedness, what kind of people were selected into the CM team and who headed the task force team, and how it operated in a crisis event. In addition, it also sought to find out how the subject's company trained the employees to prepare them for responding to and dealing with crises. Specific questions included some inquiring if the company had set up a crisis management team (CMT), how many members in the team, and which departments the team members come from or represent.

(5) Public relations and communication during crisis. This section, the largest one of all, attempted primarily to examine how the subject's company viewed the importance of public and media relations for the success of CM and how in reality the company applied the relevant principles and techniques of public and media relations and of communication at a time of crisis and how it thought of cultural factors popular in their own society in relation to the crisis planning and CM as a whole. A typical question in this part was "To what extent do you think the attitudes of the local news media would be

¹ Please refer to Question No. 21 of the questionnaire in Appendix A.

to a company like yours during a crisis?” And a Likert-type 7-point scale ranging from 1 meaning “Extremely hostile” to 7 meaning “Extremely understanding” was provided for the respondent.

In addition to those five sections in the main body described above, there were two small but separate parts: Screeners placed right in the front and Particulars of Company attached at the end of the questionnaire. The former consisted of a few questions chiefly meant for screening for and identifying the right respondents in terms of their job title and position level in the organisation and their actual role in a crisis event while the latter comprised several questions intended for gathering some basic variables with regard to the subject company’s industrial sector, size, ownership status, age or operational length in years, etc.

The closed questions are mostly in the Likert-type form of 7-point rating scales with descriptive words at the ends of each scale as well as category scales. This technique is widely considered by research authorities to be the most appropriate method of measuring the direction and intensity of perception and certainty of respondents regarding different concepts (Sudman, 1982). The questionnaire also consists of a number of open-ended questions for clarification of and elaboration on relevant and interesting issues following some structured choices. Answers to these questions were to be first transcribed by professionals at ACNielsen and then further analysed by the author of this dissertation accordingly during the data processing and interpretation stage.

4.4 Research variables

4.4.1 Dependent variable for overall crisis preparedness

Four questions, Questions 10, 19, 23 and 28 (see Appendix A), were designed to ask directly about whether the companies surveyed were specifically equipped with some corporate strategic planning and organisational preparations including a general plan for crises, a written CM plan, a CM team and/or regular drills among employees. All these specific measures and practices are commonly regarded as vital indicators for good preparations for coping with unwanted crises by many crisis management researchers and practitioners, as evidenced in the CM literature. Each of the four questions was mainly to have two types of replies – “No” coded as “0” and “Yes” coded as “1”, with only a very few “Don’t know” replies coded as “99”, which were left out in the analysis. The four variables were merged, i.e., the answers summed, to produce an additive index representing overall preparedness. The reliability test was performed on the four component variables and their reliability Alpha (α) was above 0.75. The correlation coefficients between the four component variables ranged from 0.30 to 0.59, which meant they were initially only moderately correlated. The indexes contained in the synthesized dependent variable range from “0, 1, through to 4”, meaning a company has none of the component, only one of them or all the four components respectively. This overall crisis preparedness index was used as the dependent variable in the one-way analysis of variance and multiple regression analyses.

4.4.2 Explanatory variables

A total of 12 factors or variables, including a location variable used only in the combined sample of 413 companies from the two regions, were identified and chosen as

explanatory variables in this study. The selection of the explanatory variables was based in part on the references from the CM literature and in part on the inference from other relevant management literature and also observation by the author of this dissertation. The explanatory variables were of three major types: organisational characteristics like the company size and ownership, organisational people's perception and awareness such as managers' perceptions of crisis likelihood for their companies, and environment related factors like government's role and media's impact. A summary of all the adopted explanatory variables with their brief definition and research methods applied for testing the relationship between them and companies' overall crisis preparedness is attached at the end of this chapter (See Table 4.1).

4.4.2.1 Prior crisis experience

Company's prior experience with crisis was operationalised as a dummy variable indicating whether the company surveyed had directly experienced any crisis in the past five years. Companies that had directly experienced a crises were coded as "1" and those had never encountered any crisis were coded as "0".

4.4.2.2 Company size

In this study, the variable of company size was defined as the total number of people employed by the particular company under study. The total number of employees was taken as the definition of company size primarily based on considerations as: (1) Employee number is an intuitive measure of organisational size and has already been adopted in numerous empirical studies in management area; and (2) earlier studies of CM

were found to adopt employee number as the size variable in examining its impact on the organisation's standard of crisis preparedness (Reilly, 1987 and Wisenblit, 1989).

In this study, company size was operationalised as a categorical variable that grouped the companies drawn from Singapore and Hong Kong into three major groups: small-sized companies, medium-sized companies and large-sized companies.² The three major groups are coded respectively as "1" for small-size; "2" for medium size; and "3" for large size.

4.4.2.3 Age of companies

Companies' age or operational period since registration was actually operationalised as a categorical variable. Companies that had operational periods of less than 10 years were coded as "1"; of 10 to 20 years were coded as "2"; and of more than 20 years' operation were coded as "3".

4.4.2.4 Ownership status

Ownership in this study was defined as the type of ownership or management

² Based on the specific features of the economy and industries in Singapore and Hong Kong, ACNielsen provides a somewhat different definition of company size classification in terms of employee numbers for the two regions. According to the coordinator from ACNielsen, the definition has commonly used by the professional agency in Singapore and Hong Kong for survey and research purposes. In Singapore, the specific definitions are as follows: Small-sized companies refer to those with employees below 50; medium-size refers to those employing 50 to 150 people while large companies are those with employees exceeding 150 people. In Hong Kong, on the other hand, companies are first categorized into manufacturing and non-manufacturing industries. In manufacturing, small-sized companies: less than 20 employees; medium-size: 20-99 employees; and large-size: 100 or more employees. For non-manufacturing, small-sized companies: less than 20 people; medium-size: 20-50; and large-size: above 50 employees.

ACNielsen's classification of company size is basically consistent with the specific conditions of Singapore and Hong Kong industries, as can be found in some relevant literature and official statistics in this regard (Chang, 1998; Vinayachandran and Peterson, 1997; Yu, 1997; and Hong Kong Annual Digest of Statistics, 1999).

Therefore, this classification of company size as commonly used and also recommended by ACNielsen was adopted and observed throughout this study.

structure of the company. Specifically, it primarily intended to differentiate companies between MNCs and local non-MNCs in terms of their crisis preparedness. Companies were coded as “1” for local non-MNCs; “2” for local-owned MNCs; and “3” for foreign-owned MNCs. The three groups were tested by one-way analysis of variance first to find out the differences in means of companies’ overall crisis preparedness between the three groups. Three dummy variables were derived from the nominal variable above: Variable A, coded as “1” for local non-MNCs and “0” for all other types of companies; Variable B, coded as “1” for local MNCs and “0” for all other types of companies; and Variable C, coded as “1” for foreign MNCs and “0” for all other types of companies. Variables B and C were used in multiple regression models while Variable A was left out as a base unit.

4.4.2.5 Industrial sector

The industrial sector was defined and categorized in relation to the probability of crisis occurrence. As mentioned in the previous chapter, Barton (1993 and 2001) has, based on his long years of comparison and observation of several hundreds of crisis cases in the United States of America, classified enterprises and organisations across various industries/sectors into three major categories in terms of their susceptibility to organisational crisis.³ The three categories of industrial sectors are labeled as “High Risk, Medium Risk, and Low Risk” indicating the different likelihood of crisis that may occur to the organisations operating in each of the three environments. Drawn from Barton’s list, therefore, the variable of industrial sector in this study was operationalised

³ Please refer to Question No. 43 of the questionnaire in Appendix A. The question was designed based on the risk category classification table listed by Barton (1993: 65-66). According to Barton (1993), the first 17 items of the whole list are categorised as in the “High-Risk” sector, the items from the 18th to 34th are placed in “Medium-Risk” sector, while the items from the 35th to the 52nd fall into “Low-Risk” sector.

with three categorical scales. The three categories in this variable were respectively coded as “1” for Low-risk; “2” for Medium-risk; and “3” for High-risk.

4.4.2.6 Crisis likelihood perception

Crisis likelihood perception in this study was defined as respondent managers’ perceptions of the likelihood of a crisis in their organisations. This explanatory variable consisted of three categories (or items) represented by three possible answers in the questionnaire. The questions were designed to measure the manager respondents’ crisis perceptions. Specifically, the responses to the three items were capable of reflecting how the manager and executives in the survey evaluated the likelihood of a local company’s encountering a crisis in comparison to an average company in the United States and how they perceived the likelihood of their own companies’ being hit by a crisis within a specific time frame.⁴ Responses to the relevant question were grouped into three scales: Much less than 50 per cent chance, coded as “1”; for about 50 per cent chance, coded as “2”; and for more than 50 per cent chance, coded as “3”. One-way analysis of variance method was used to test the differences in means of companies’ overall crisis preparedness among three groups in each of the three categories (or items). Subsequently, responses for two of the categories regarding subject managers’ perceived likelihood of their companies being hit by a crisis within the following one year and three years were next merged, as a new integrated variable or category,⁵ and then, together with the remaining category regarding subject managers’ comparison of crisis likelihood, were used in multiple regression model testing the possible association between

⁴ Please refer to Questions No. 4 and No.6 of the questionnaire in Appendix A.

⁵ The reliability test performed on the two items showed their reliability Alpha was about 0.75.

companies' crisis preparedness and the overall perceived likelihood of a crisis occurring to their companies.

4.4.2.7 Organisational members' awareness of their role in a crisis event

This variable was defined as the level of knowledge or awareness possessed by all people from the organisations surveyed, from top management through to the base-line staff, regarding their role or responsibility in a crisis event. Similar to the previous variable, this variable also comprised two categories (or items) which were represented by two possible answers in the questionnaire.⁶ The two corresponding questions were designed to find out to what extent the top management and average employees in the respondent's company respectively were knowledgeable about their role in a crisis event faced by their organisation. They were each operationalised as a 7-point rating scale ranging from "1" for "Not at all knowledgeable" to "7" for "Extremely knowledgeable". In the subsequent testing processes using one-way analysis of variance and multiple regression model, seven possible answers were regrouped into three new categories by combining the "1" and "2" of the original 7-point scale as the group for "Not knowledgeable" and "6" and "7" of the original scale as the group for "Knowledgeable" and the remaining "3," "4" and "5" out of the original scale as a group standing in the middle. The primary purpose for such regrouping is to make the contrast between or among three categories more prominent or meaningful, as this study is primarily aimed to find out whether overall crisis preparedness of the companies in the survey moved significantly from one side or end of the scale to the other side or end of the scale instead of identifying the specific and minute differences in crisis preparedness between

⁶ Please refer to Question No. 15 of the questionnaire in Appendix A.

individual scale points of the variable/s under study. Similar ways of collapsing were applied to a few other relevant variables, which will be mentioned below.

4.4.2.8 Government's role

Government's role here was defined primarily as government's administration approaches and measures and policies concerning the operation, development and management of business and economic sectors in the particular context. In this study, this variable was tested by the method of content analysis examining and measuring the responses to those relevant open-ended questions meant for probing why the companies planned or did not plan for crisis and how the manager respondents evaluated their perceptions of likelihood of crisis that may occur to their companies. The respondents' replies were first coded by the author of this dissertation under different categories. For example, after responding to the fourth question about how they perceived the crisis likelihood for their companies in comparison with companies in the United States, the respondents were further asked to give the reason for their replies.⁷ Among those respondents who perceived lower crisis likelihood for their companies, their responses were coded as "1" if they highlighted the government's good efforts, proactive role, policies and regulations as the reason; coded as "2" if they cited favourable environment as the reason; and coded as "3", "4" or "5" respectively if they cited culture, sufficient preparations or small companies size as the reasons. Their responses were then computed to measure their frequency distribution and percentage and means among the various

⁷ Please refer to Questions No. 4 and No. 5 of the questionnaire in Appendix A.

companies in each of the two regions. Subsequently, the outcome was further compared between the two samples, that is, those companies in Singapore and Hong Kong.

4.4.2.9 Perceived media's role for CM

This variable was defined as the media's attitude towards those companies encountering a crisis and their importance for companies' effective CM, which were both perceived and expressed by the respondent managers. Again, the factor embodies two items, one in 7-point scale and the other in 9-point-scale as included in the questionnaire, designed primarily to let the manager respondents evaluate the local media's attitude towards a company caught in a crisis and rate media's importance as a major target audience during a crisis event faced by their companies.⁸ By using a 7-point scale ranging from (1) "Extremely hostile", to (7) "Extremely understanding", the first item aimed to find out how the respondent managers/executives rated the media's attitude towards a company like theirs when encountering a crisis. The second item was to find out how the media was rated as a major audience during a crisis situation faced by the respondents' organisations, using the form of 9-point scale anchored by (1) for "Least important" through to (9) "Most important". The responses were able to reflect in some way subject companies' overall perceptions and awareness of the media's influence to their organisation's crisis preparations. Ultimately, the hypothesis was intended to examine and find out whether the characteristics of the news media unique in one society may produce any significant impact on the managers' perception and awareness of the media's important role for effective CM, and whether that impact may eventually influence their companies' overall level of crisis preparedness in the end.

⁸ Please refer to Questions No. 32 and No. 39(8) of the questionnaire in Appendix A.

With regard to this variable, the current study was aimed primarily to find out whether companies' overall crisis preparedness was influenced in general by the different perceptions of those managers or executives in the interview in terms of the media's role for the effective CM. In other words, given the objective and nature of this study, it would be sufficient to detect whether there were any significant differences in terms of companies' crisis preparedness between the companies whose managers viewed the news media in their society as "hostile towards a crisis-hit company", or "important as one major audience during a crisis event" and other companies whose managers believed otherwise. In fact, it was not an ultimate objective of this study to find out the specific or minute differences between individual points on the whole range of relevant variables. Therefore, in an attempt to make the contrast more prominent and meaningful in the subsequent testing processing by the adopted quantitative techniques, seven possible answers to the first item (or question) about the companies' rating of news media's attitude towards a crisis-hit company and nine possible responses to the second question about the companies' perceived importance of news media as a major target audience during a crisis event faced by the company in the survey were again regrouped into three new categories respectively. Specifically, the responses to the first item were now in three groups, coded as "1" for "Hostile", "2" for "Neutral", and "3" for "Understanding". As for the second item, the responses were now classified into three new groups, coded as "1" for "Not important", "2" for "Somewhat important", and "3" for "Important".

4.4.2.10 Location

Location in this study referred to Singapore, coded as "1", and Hong Kong, coded as "0". To test the hypothesis about the differences of location effect in this study, cross-

tabulation was used to examine and compare the companies in Singapore and Hong Kong in terms of some major indicators for crisis preparations, thus revealing whether and to what extent they made any specific preparations for dealing with crisis and how the companies between the two regions addressed the central issue of crisis preparedness.

This location dummy variable was used in the multiple regression model only when the two samples of Singapore and Hong Kong companies were combined. The purpose of using the location variable in the regression model was to measure and determine how it effected for the differences, if any, between the two regions.

4.5 Data analysis methods

After the surveys were completed and data with first round of coding handed over to the writer of this thesis, frequency distributions and percentages were first computed to clean the relevant variables in the database. Several major research methods including one-way analysis of variance, cross-tabulation, content analysis and multiple linear regression were employed in different stages to test and find out the specific relationship between companies' overall crisis preparedness and those proposed influential or explanatory variables and also the differences between the two regions in terms of companies' crisis preparedness.⁹

The proposed hypotheses (except the one about government's role, measured by content analysis) were subject to two stages of measuring and testing. In the first stage, the explanatory variables were analysed using one-way analysis of variance to test and identify the differences in means of companies' crisis preparedness between two or three

⁹ Statistical Package for Social Sciences (SPSS) was used for the quantitative research methods applied in the data processing and analysis of this study.

groups of each explanatory variable. Nevertheless, the bi-variate statistical analysis could not rule out nor adjust for the potential confounding effects resulting from the correlations of the relevant explanatory variables in the analysis with a third variable. Therefore, along with the testing by one-way analysis of variance, chi-square test was performed, where necessary, to measure and look out for any strong correlation existing between relevant explanatory variables and also to help facilitate the interpretations of the final results. Meanwhile, cross tabulation was constructed and Chi-square test performed separately for companies in Singapore and Hong Kong, exploring the relationships between different characteristics of companies in each of the two regions. The results were compared between the two samples from Singapore and Hong Kong.

In addition, the first stage also included a content analysis that was performed on the variable regarding the impact of government's role. Those who cited the government's role, efforts, laws, regulations and policies as the reason for their responses regarding crisis perceptions and preparations were highlighted and coded as "1" and those who cited other reasons were coded as other numbers respectively. The primary object of doing so was to identify any possible relationship between companies' crisis preparedness and the impact of government's role in Singapore and Hong Kong respectively. The measurement was based on those verbatim records in response to the open-ended questions in the personal interview with the manager/executive respondents.

Multiple linear regression was performed in the second stage. Multiple regression analysis was applied to test most of the hypotheses listed in Table 4.1 below, exploring the dependence of companies' overall crisis preparedness on their relevant characteristics including past crisis experience, industrial sector, company size, ownership pattern, and so on among companies in Singapore and Hong Kong. Simultaneously, multiple

regression analysis was also used to test the location effect on companies' crisis preparedness adjusting for other variables like company size, operation length, etc.

The specific procedures of regression analysis were performed in two stages:

(1). Multiple regression analysis was computed on the Singapore and Hong Kong samples separately following the regression model below:

$$Y = \alpha_0 + \sum \alpha_i * X_i$$

The Y in the model represents companies' overall crisis preparedness while X_i stands for all individual explanatory variables used in the regression model. This regression analysis determined and measured the dependence of companies' overall crisis preparedness on the relevant explanatory variables in each region;

(2). Samples from the two regions were combined and tested with the multiple regression model again as shown above. After that, the location dummy variable was added into the same regression model to see how it effected in causing any differences, if any, in the combined sample. The result of the location variable was actually able to represent to some extent certain differences, if statistically significant, between the two regions.

In the next chapter, the major results of the survey data processing by ways of the research methods described above through the SPSS computation will be presented, together with some necessary discussion and analysis of the findings. The specific procedure for the analysis and discussion is planned as follows: In the first stage, the relationship between companies' overall crisis preparedness and each of those proposed factors or variables will be examined and discussed based primarily on the results from the t-test or one-way of analysis of variance. In the second stage, further examination of the relevant relationship will be conducted again and conclusion be made about the

hypotheses according to both the results from multiple regression analysis and t-test or one-way analysis of variance.

Table 4.1 Summary of Explanatory Variables for Companies' Crisis Preparedness

Variable Name	Hypothesis Number	Brief Definition	Type of Measurement
1. Prior Experience	H1	Company's direct experience with crisis in the past	One-way ANOVA; Multiple Regression
2. Size	H2	By employee numbers, in 3 groups: Small-, medium- and large-size	As above
3. Age	H3	Operational periods since registration	As above
4. Ownership	H4	In 3 groups: Local non-MNCs, local MNCs, and foreign MNCs	As above
5. Industrial Sector	H5	By probability of crisis occurrence, in 3 groups: High-, Medium-, and Low-Risk	As above
6. Crisis Perceptions	H6	Managers' perceived likelihood of crisis that may occur to their companies. 2 items included: (1) Crisis likelihood in comparison with US companies; and (2) Crisis likelihood prediction for own companies.	As above
7. Awareness of One's Role	H7	Organisational members' awareness of their role in a crisis event. 2 items included: (1) Average employees' awareness; and (2) Top management's awareness.	As above
8. Government's Role	H8	Government's administration approach and relevant policies and influence	Content Analysis, Frequency/percentage
9. Media's Role for CM	H9	Media's role for effective CM as perceived by companies. 2 items included: (1) Media's perceived attitude; and (2) Media's importance as one major audience during a crisis event.	One-way ANOVA, Multiple Regression
10. Location	H10	Singapore coded as (1) and Hong Kong coded as (0)	Cross-tabulation Multiple Regression

CHAPTER 5

RESULTS AND DISCUSSIONS

This chapter presents the results generated from the various analyses and examines the relationship between each of the proposed explanatory variables and companies' overall crisis preparedness. The objective of this chapter is to examine the hypotheses proposed in Chapter 3 and also measure and compare whether and how each of those relevant explanatory variables impacts on companies' crisis preparedness across the two regions. Thus, this chapter describes some realities of business companies under the current exploratory study across Singapore and Hong Kong with regard to their crisis preparations and other CM endeavours.

5.1 Basic characteristics of respondents interviewed and their companies

5.1.1 Brief profile of respondents interviewed

Table 5.1 provides brief information regarding the respondents' position level and job title in their organisations and their roles in a crisis event. As mentioned previously, a total of 413 subjects, 200 in Singapore and 213 in Hong Kong, were interviewed, each representing a company operating in either of the two locations. A majority (about 68 per cent) of those respondents participating in the personal interviews were found to hold senior positions in their companies and less than one third of them held middle and junior levels of management positions in their companies.¹

¹ A senior position in this study refers to such job titles or positions in a company as Managing Director (MD), Chairman, Chief Executive Officer (CEO), General Manager (GM)/Assistant General Manager, President/Vice President, and the like. It can also be the owner or head of a company, usually a relatively small one. The respondents in this category are usually on the top management level of the organisation. A middle level position refers to those in charge of a relevant functional department or office in a large- or medium-sized company, oftentimes with such a job title or description as manager, director or head for a particular department or office like public relations, corporate relations, corporate communication, etc. It

Table 5.1 Basic Characteristics of Respondents Interviewed

	Singapore n = 200 (%)	Hong Kong n = 213 (5%)	Total N = 413 (%)
<u>Position in Company</u>			
1) Senior Level	136 (68.0)	146 (68.5)	282 (68.3)
2) Middle Level	55 (27.5)	50 (23.5)	105 (25.4)
3) Junior Level	9 (4.5)	17 (8.0)	26 (6.3)
<u>Role in a Crisis Situation</u>			
1) I make the final decision	51 (25.5)	103 (48.4)	154 (37.3)
2) I vote on the committee	50 (25.0)	57 (26.8)	107 (25.9)
3) I influence the decision	99 (49.5)	53 (24.9)	152 (36.8)
<u>Job Title</u>			
1) Chairman/MD/President/CEO	17 (8.5)	7 (3.3)	24 (5.8)
2) General Manager	22 (11.0)	11 (5.2)	33 (8.0)
3) Director/Vice President	29 (14.5)	45 (21.5)	74 (17.9)
4) Treasurer/Company Secretary/ Controller	10 (5.0)	9 (4.2)	19 (4.6)
5) Manager	80 (40.0)	54 (25.4)	134 (32.4)
6) Senior Executive/Dept. Head/ Administrative Position	23 (11.5)	8 (3.8)	31 (7.5)
7) Owner/Co-owner	-	56 (26.3)	56 (13.6)
8) Others	19 (9.5)	23 (10.8)	42 (10.2)

can also be a senior administrative officer in a company's general office or a senior executive and so on. A junior position on the other hand means a lower level management position in a relatively large organisation and can refer to a supervisor or head of a work team or group, or even a senior professional position holder with a few subordinates. It is possible that the same job title such as manager can actually end up representing a different level in different companies due to their sizes. A classification of company sizes will be addressed in the next section regarding the overall profile of the companies.

With regard to their actual role in a crisis situation likely to be faced by their companies, all respondents interviewed were found to be in a position to play a critical part, though the number of the respondents who self-defined themselves in a position for making the final decision in a crisis event in Hong Kong is double that in Singapore (See Table 5.1). This may probably be attributed to the difference of the sample characteristics in terms of the company size between the two places.² In other words, an overwhelming majority (about 96 per cent) of the Hong Kong companies surveyed were found to fall into the relatively small and medium categories of companies and those respondents who assumed a company head title and engaged in the personal interviews were more likely to command the top position in their firms for decision making in most events including a crisis situation. Despite the differences between the Singapore and Hong Kong samples in their self-defined role in the crisis situation, all the respondents were in a position to address the central issue of this study - crisis preparedness and other CM efforts and practices in their companies.

5.1.2 Overall profile of the companies surveyed

An overview view of basic characteristics of the companies drawn for this survey research can be seen in Table 5.2, which summarizes the companies in Singapore and Hong Kong in terms of their ownerships, industrial sectors, age and size.

Of the total of 413 companies from the two places, slightly over one third (33.7 per cent) are locally owned or foreign-owned multinational corporations (MNCs), while nearly two thirds (66.3 per cent) are local ordinary companies, or local non-MNCs. In

² The size distribution of the companies surveyed in Singapore and Hong Kong will be reported right in the next section regarding the overall profile of the companies. Please also refer to footnote No. 2 in Chapter 4.

comparison, the percentage of MNCs in the Singapore sample is higher than that in the Hong Kong one (i.e., 49 per cent versus 19.3 per cent).

Table 5.2 Overall Profile of Companies Surveyed

	Singapore n = 200 (%)	Hong Kong n = 213 (%)	Total N = 413 (%)
<u>Ownership</u>			
1) Local Non-MNCs	102 (51.0)	172 (80.7)	274 (66.3)
2) Local-Owned MNCs	18 (9.0)	34 (16.0)	52 (12.6)
3) Foreign-Owned MNCs	80 (40.0)	7 (3.3)	87 (21.1)
<u>Industrial Sectors</u>			
1) Low-Risk	45 (23.6)	80 (39.2)	125 (31.6)
2) Medium-Risk	43 (22.5)	49 (24.0)	92 (23.3)
3) High-Risk	103 (53.9)	75 (36.8)	178 (45.1)
<u>Age</u>			
1) Up to 10 years	52 (26.0)	122 (57.3)	174 (42.1)
2) 10 – 20 years	61 (30.5)	59 (27.7)	120 (29.1)
3) Above 20 years	87 (43.5)	32 (15.0)	119 (28.8)
<u>Size</u>			
1) Small-Size	88 (44.0)	191 (89.7)	279 (67.6)
2) Medium-Size	58 (29.0)	14 (6.6)	72 (17.4)
3) Large-Size	54 (27.0)	8 (3.8)	62 (15.0)

As a whole, about 45 per cent of the total companies belong to the industries of high crisis prone category based on the listing included in the survey questionnaire (See **Appendix A** attached at the back of this dissertation). Nearly 55 per cent of the companies fall into medium and low crisis prone categories of industrial sectors though the companies belonging to the latter take up a higher percentage of the two.³

In terms of their age, or operational length, more companies from the Singapore sample (43.5 per cent), in comparison with 15 per cent of the Hong Kong sample, have operated for over 20 years since their registration while a higher proportion of Hong Kong companies (57.3 per cent) take up the category for those below 10 years. From the viewpoint of combined sample, more than half (nearly 58 per cent) of the companies have operated for over 10 years. Moreover, among those 174 companies in the category for less than 10 years of operation, 79 companies, or 45 per cent, had run for more than five years since they were officially founded. That seems to suggest that most of the companies had gone through their initial start-up periods and come to a fairly mature stage with their operation and management.

³ If viewed from another perspective - their actual industrial sectors, which were not examined in this study for their actual association with the company's crisis preparedness standard, the companies in the two samples come from two main segments: manufacturing and non-manufacturing segments. In Singapore, 21 per cent (or 42 firms) of the 200 companies were actually selected from the manufacturing segment, while the rest were drawn from the non-manufacturing segment. In reality, however, the firms in the manufacturing segment took up only 10 per cent of the whole universe in 1999, according to the official statistics provided by the ACNielsen.

In Hong Kong, on the other hand, out of the 213 companies surveyed, 31 per cent (or 65 firms) were selected from the manufacturing segment while the remaining firms were drawn from the non-manufacturing segment. In reality, nevertheless, companies in Hong Kong's manufacturing segment accounted for only eight per cent and the companies from the non-manufacturing segment took up 92 per cent in 1999, based on the figures released from Hong Kong's Census and Statistics Department in 2000, as cited by ACNielsen.

Obviously, the firms representing the manufacturing segment in both Singapore and Hong Kong were oversampled. Such an outcome was basically due to the consideration to ensure a sufficient sample base for the data analysis, as claimed by the professional survey agency of ACNielsen.

With regard to their size in employee numbers, the table shows that two thirds or 67.6 per cent of all companies surveyed fall into the small-sized category while about one third of the total companies belong to the medium-sized or large-sized categories, which is in general consistent with the industrial situation.⁴ The sample obtained from Hong Kong consisted of small-sized companies (nearly 90 per cent). The coordinator from the professional survey agency of ACNielsen claimed that, in respect to the size and distribution of industrial sectors as well as other relevant aspects, the sample was basically a reasonable representation of the whole industrial population of business companies in Hong Kong.⁵ The specific composition of the sample could also help explain in some way why more respondents in Hong Kong than in Singapore claimed to be in the position for making the final decision in a crisis situation, since most of those holding a senior level position in Hong Kong were actually the head of their small firms and therefore commanded the top authority for the decision making in all kinds of situations including a crisis event.

5.2 Overall crisis preparedness

This study found that many companies across Singapore and Hong Kong were not spared from crises in recent years. Specifically, more than one third (35 per cent) of the companies surveyed in Singapore and nearly a half (48 per cent) of those in Hong Kong reported that they were hit by a crisis in the past five years. From Table 5.3 below,

⁴ Please refer to the footnote No.2 in the previous chapter for the classification of company size.

⁵ The Hong Kong sample was in fact consistent with the official statistics released by the responsible government department in Hong Kong. According to the official statistics released by Hong Kong's Census and Statistics Department for the year of 1999, companies with less than 20 employees account for 89.96 per cent of the total manufacturing establishments and 95.63 per cent of the total companies in non-manufacturing industries (excluding banking and financial establishments) (Also See Hong Kong Census and Statistics Department's Hong Kong Annual Digest of Statistics. 1999 Edition. Pages 69 and 84).

however, it is surprising to see that companies across the two places were far from preparing themselves well for dealing with crises with such common but crucial measures or practices as having a general plan for crisis, a written CM plan, a CM team and training employees for dealing with crises.

Table 5.3**Comparison of Crisis Preparations in Singapore and Hong Kong Companies**

Specific Preparations	Singapore %		Hong Kong %		Total %	
	Yes	No	Yes	No	Yes	No
Plan for Crisis	76.0 (n=152)	23.0 (n=46)	35.7 (n=76)	60.1 (n=128)	55.2 (n=228)	42.1 (n=174)
Written Crisis Management Plan	42.0 (n=84)	56.5 (n=113)	1.9 (n=4)	96.2 (n=205)	21.3 (n=88)	77.0 (n=318)
Crisis Management Team	43.0 (n=86)	56.5 (n=113)	4.2 (n=9)	95.8 (n=204)	23.0 (n=95)	76.8 (n=317)
Drills for Employees	53.0 (n=106)	47.0 (n=94)	34.3 (n=73)	65.3 (n=139)	43.3 (n=179)	56.7 (n=233)

Note: For each category in the three columns above, where the percentage from “Yes” and “No” does not add up to 100 per cent, there is a very small proportion that was left out representing those respondents who chose to respond with “Don’t know” in the personal interview.

In particular, a majority, or over two thirds, of the companies across the two regions failed to make such specific and substantial preparations as getting a stand-alone written CM plan ready and setting up a CM team, though the companies in Singapore as a whole appeared to perform better than their counterparts in Hong Kong, as indicated in Table 5.3. In other words, more companies in Singapore than in Hong Kong were found to have planned for crises. More than three fourths of companies (76 per cent) in Singapore claimed they planned for crises while only a little more than one third (about 36 per cent) of the companies in Hong Kong admitted they did the same. Furthermore, in terms of the availability of a written CM plan and CM team, over 40 per cent of the companies surveyed in Singapore claimed to have them in place while only a trivial proportion of the companies in Hong Kong admitted having them ready. Specifically, only four companies (or 1.9 per cent) and nine companies (4.2 per cent) claimed to have a written CM plan and CM team in place respectively. That reveals a striking contrast between the companies from the two regions. In comparison, Table 5.3 above seems to suggest that the Hong Kong companies in particular appeared to be rather slack in taking specific measures for crisis preparations, even though statistically more companies were hit by crises in the past five years than their counterparts in Singapore (48 per cent over 35 per cent).

On the other hand, an examination of the means in companies' overall level of crisis preparedness (i.e., as represented by the index construct) reveals that the mean score for the companies in Singapore is 2.16 while for the companies in Hong Kong is only 0.79, at 0.1 per cent significance level, which once again suggests there may exist a considerable difference of overall crisis preparedness among companies' overall preparedness level between the two regions in general.

Nevertheless, although companies in Singapore statistically scored higher in general than their counterparts in Hong Kong in each of the four benchmark indicators as shown in Table 5.3, there still remained much room for further improvement before they could eventually reach the standard of being well prepared for crisis, as evidenced particularly by the fact that less than half of the companies in Singapore surveyed failed to get a written CM plan and a CM team in place. Based on the results listed in Table 5.3 and also from the means comparison between the two samples, it seems reasonable to say that companies in either Singapore or Hong Kong were, on the whole, not well prepared for crisis. Therefore, it could be concluded here that Hypothesis 10 was supported.

5.3 Organisational variables and crisis preparedness

Table 5.4 reports a comprehensive list of results from t-test or one-way analysis of variance comparing the differences in mean scores of overall crisis preparedness between two or three groups in each of the five proposed organisation related factors or variables about the companies in the Singapore and Hong Kong samples respectively. Next, a close examination of each of them is to be made, along with some necessary discussions and analysis regarding the results listed in the table.

5.3.1 Prior crisis experience and crisis preparedness

There appeared to be no statistically significant relationship in either Singapore or Hong Kong between companies' prior crisis experiences and their overall preparedness for crisis, although companies in both regions assumed a similar trend as predicted (See Table 5.4). In other words, a company that has been hit by a crisis in the past may not necessarily improve its current level of preparedness for crisis. This is basically

Table 5.4 Mean Scores of Crisis Preparedness Versus Company Variables

Company Variables	Crisis Preparedness Mean Scores	
	Singapore (N = 200)	Hong Kong (N = 213)
1. <u>Prior Crisis Experience</u> (a) No (b) Yes	2.11 (n = 129) 2.26 (n = 66) F = 0.45 P = 0.502	0.73 (n = 100) 0.92 (n = 95) F = 1.99 P = 0.160
2. <u>Size</u> (a) Small-Size (b) Medium-Size (c) Large-Size Post Hoc	1.61 (n = 85) 2.18 (n = 57) 3.02 (n = 53) F = 17.76 P < .001 a < b*; b < c**	0.72 (n = 180) 1.21 (n = 14) 1.63 (n = 8) F = 5.54 P < 0.05 a < b; b < c; c > a**
3. <u>Age</u> (a) Below 10 Years (b) 10-20 Years (c) Above 20 Years	1.94 (n = 49) 2.11 (n = 57) 3.02 (n = 53) F = 1.09 P = 0.339	0.72 (n = 113) 1.00 (n = 59) 0.67 (n = 30) F = 2.20 P = 0.113
4. <u>Ownership</u> (a) Local Non-MNCs (b) Local MNCs (c) Foreign MNCs	2.07 (n = 102) 2.65 (n = 17) 2.17 (n = 76) F = 1.15 P = 0.319	0.75 (n = 165) 0.97 (n = 32) 1.20 (n = 5) F = 1.304 P = 0.274
5. <u>Industrial Sector</u> (a) Low-Risk (b) Medium-Risk (c) High-Risk Post Hoc	1.60 (n = 45) 2.16 (n = 43) 2.38 (n = 98) F = 4.43 P < .05 a < b; b < c; c > a**	0.79 (n = 75) 0.98 (n = 46) 0.68 (n = 72) F = 1.47 P = 0.223 a < b; b > c; c < a

Note: The asterisks ** and * indicate the level of significance at 1 and 5 per cent.

consistent with the finding of Reilly's earlier study (1987). Such a finding could possibly be accounted for by several explanations. One major possible explanation is, just as some researchers have already observed, organisational actions are often characterised by rigid underlying assumptions that are difficult to change (Reilly, 1987). The finding about the relatively low level of overall crisis preparedness among the companies across Singapore and Hong Kong, as reported previously, may serve as good evidence suggesting that managers' general attitude towards and awareness of the importance of crisis preparations and other CM practices and efforts still had much to be improved. Their neglect or ignorance of the CM importance may restrain them from committing necessary efforts and/or resources to prepare their organisations for crisis in advance, even after encountering with that some companies. On the other hand, a substantial proportion of companies that were found to have failed to prepare any CM plan claimed it was no use or no need making such a plan because crises may occur beyond their control and in a great variety of forms and crisis preparations were often too costly.⁶ This kind of so-called "resignation" mentality or assumption may probably have outweighed the positive effect of organisational learning from prior crisis experiences and have affected or influenced many organisations, whether or not having encountered a crisis before, in their attitude towards and handling with CM work.

In order to examine whether the relationship under discussion might be intervened by the age of organisations, a correlation test and chi-square test were performed on the two variables of companies' past crisis experience and operational years. The result reveals no statistical evidence to suggest that an older company has higher probability of

⁶ Out of the total companies that failed to make any CM plan, 57 per cent in Singapore and 41 per cent in Hong Kong articulated such a stance. For more detailed discussion, please refer to Section 5.5 in this chapter.

experiencing a crisis than a younger company.⁷ The results from the table, together with the relevant tests mentioned above, seem to suggest that companies' overall level of crisis preparedness was not associated with their prior experience with crisis in this study.

5.3.2 Company size and crisis preparedness

Table 5.4 reveals a statistically significant and positive relationship of companies' crisis preparedness level with their size in terms of employee numbers among the companies respectively in each of the two regions, and the significant association was more prominent in Singapore than in Hong Kong. In other words, the results suggested that a company's overall preparedness in general appeared to be closely and positively related to their size in a significant way. The larger a company, the more prepared it appeared to be for crisis. Apparently, the general superiority of large companies in terms of expertise, experience and other relevant resources was reflected in their "capability of dealing with crises", as observed by Barton (1993). The outcome here is also in conformity with the findings from earlier studies by Reilly (1987) and Wisenblit (1989) in the United States, although their range of company size was much wider than that in this study. Reilly's company size ranged from 1-25 employees up to 10,000 employees while Wisenblit's survey classified the companies under investigation into three categories: (1) up to 10,000, (2) 10,001 to 50,000, and (3) over 50,000 employees, with the large size taking up 88 per cent of the respondents. They both found the prominent

⁷ For the Singapore sample, Pearson correlation = .076, not significant; N = 200. For the Hong Kong sample, Pearson correlation = -.015, not significant; N = 213. A chi-square test performed on the samples also shows no statistically significant relationship between companies' crisis preparedness and their past experience with crisis. Similar tests were also performed in the following between other organisational variables and a third relevant variable when the examination of their association with companies' crisis preparedness was made, but the results of the test were to be omitted unless they were found to be highly or strongly correlated. By "highly or strongly correlated", it means that their Pearson correlation coefficients are above 0.70 at a significance level.

and positive correlation between companies' size and their standard of preparations for crises. Large companies demonstrated a higher level of awareness of the possibilities for a disaster that could befall them and therefore tended to gear up with more preparations (Wisnblit, 1989). A further examination by the way of Post Hoc Dunnett test reveals, however, such a positive and significant relationship in the Hong Kong sample was significantly apparent only between small-sized and large-sized companies, but not between small and medium groups or between medium and large groups. The finding seems to suggest that the overall association of Hong Kong companies' preparedness and their size was relatively weak. One possible reason to account for this phenomenon could possibly be attributed to the feature of the Hong Kong sample, in which two thirds of companies surveyed fell into the small-sized companies and only a very small proportion of them belonged to the medium- and large-sized companies (i.e., about 7 per cent and 3 per cent respectively) and, furthermore, only precious few of them were found to have prepared a written CM plan or a CM team (See Table 5.3). This could in turn have led to the insufficient variation in the Hong Kong sample, hence the weak association between company sizes and their crisis preparedness.

Nevertheless, the overall significant outcome from both of the two regions made it reasonable to suggest that company size in both Singapore and Hong Kong could basically be regarded as a significant factor influencing companies' overall level of crisis preparedness.

5.3.3 Age of companies and crisis preparedness

As shown in Table 5.4 above, separate tests of one-way analysis of variance on companies from Singapore and Hong Kong showed clearly that, in neither places,

companies' age could be observed to have any significant impact on companies' overall crisis preparedness, although the mean scores of companies' preparedness for all three groups of the Singapore sample exhibited the predicted direction. Here, the findings seem to suggest that the assumed benefits of organisational learning for those companies that had operated for longer years were not reflected in their efforts for the CM work. One possible explanation for such findings might be that although older companies may have had more opportunities of learning than younger companies, there still remains a question whether the former was able to really recognise the importance of CM and subsequently make efforts to prepare for crises. In other words, despite that the learning opportunities that come with longer operational periods, companies' crisis preparedness may be more closely related to how top management of the companies actually think of and address the important issue of CM instead of how long the organisation has existed. Oftentimes, business managers or senior executives working within a given organisation observe and adopt a preferred set of practices and norms that constitute a distinctive, organisational approach to problem-solving and performance (Kahneman, et al., 1982). The set of rigid underlying assumptions as held by the top management of those older organisations may be difficult to change. People forget information when it does not fit their agenda or their plans, as noted by Stubbart (1987).

In short, it might be due to the lack of sufficient awareness of the CM importance among the top management of those older companies that has resulted in their failure to show any superiority in crisis preparations to the younger ones.

There could be still another possible explanation for the failure of those older organisations in benefiting from their long years' operation in respect of crisis awareness and preparations. It could be due to the poor institutional memories those companies

were reduced to have as a result of a high turnover of employees, especially when the economy is good, which encourages job-hopping. Job-hopping was quite common throughout Singapore and Hong Kong up to the 1997-98 Asian financial crisis.

According to the author's observation, the turnover rate for an average company in Singapore during the boom time could easily go up to 25 per cent or above. With the continuous departure of staff, the companies were likely to lose out the valuable memories they had learnt in the past. On the other hand, those managers who neglected the importance of CM might also tend to forget the lessons and information they subjectively deemed unfit into their agenda or plans.

5.3.4 Ownership and crisis preparedness

Similar to the previous finding for companies' age and its association with the organisations' crisis preparedness, Table 5.4 indicates that there again was no statistically significant relationship, in either of the two regions, between companies' ownership status and their overall level of crisis preparedness. It is interesting to note that, in both Singapore and Hong Kong, MNCs - whether locally owned or foreign-owned - did in general appear to score higher in crisis preparedness means than those non-MNCs, as predicted, though the relationship was not significant.

It is possible that the success of an MNC might have made its top management complacent about their development and accomplishment in today's status. In many cases, senior managers of MNCs could be led by their past success and their present organisational strength to uphold some impractical belief about their organisation's real capability to handle emergency situations. "Too often successful companies are complacent, and management often reads about other companies' disasters with an it-

can't-happen-here attitude (Wisnblit, 1989: 33).” In other words, the success of an MNC in its past growth may possibly result in its top management's sense of inflated, if not totally false, security generated from a fallacy of organisational and management success so much so that the corporation may neglect or slow down its continued pursuit of a better system for dealing with uncertainties and emergency. As a result, an MNC's superiority in developing and sustaining a high standard of CM may be weakened and its strength for gearing up good preparedness standard for responding to any crisis may not be able to pay off as well as any non-MNC.

5.3.5 Industrial sector and crisis preparedness

Table 5.4 displays an inconsistent result between the two samples from Singapore and Hong Kong regarding the dependence of companies of crisis preparedness on the industrial sectors in which they operated. Specifically, industrial sector in Singapore could in totality be observed to have a significant association with companies' crisis preparedness given its significance level at a less than 5 per cent, whereas it was not the same case in the Hong Kong sample.

A further test by Post Hoc (Dunnett's T3) measurement, however, shows that the significant relationship existed only between group (c) and group (a) of the Singapore companies surveyed (see the 5th outcome row of Table 5.4), which seemed to suggest that the overall relationship pattern, though statistically significant, was not strong in the predicted way and only those companies in high-risk sector in Singapore appeared to be significantly better prepared for crisis than those operating in low-risk sector, while the relationships between the group (a) and group (b) and between group (b) and group (c) were not significant as predicted.

Apparently, the result in this regard was somewhat different from the finding of Wisenblit's study (1989) and also from Barton's research and observation (1993 and 2000), which found that companies operating in an industry characterized with recurring threats or crises tend to prepare themselves better than those running in a lower risk industry. In some way, the inconsistent result from the two samples may probably be attributed to some prominent characteristics of current environment in the two regions. For Singapore, the island state has over the past decade faced with increasingly fierce competition from its neighbouring nations like Malaysia and Indonesia. The imposing pressure from the rising rivals in their own drives for industrialization and economic development could have in some way eased off the distinctiveness between different sectors in terms of their risk/crisis probability initially inherent with each individual sector in the city state. For Hong Kong, on the other hand, China's opening up to the outside world for its four-modernization drive over the past more than two decades has granted numerous entrepreneurs and businesses in Hong Kong a unique and convenient access to the vast market and also hinterland for their business operation and development. The unique access has been made easier especially after the territory was receded to the sovereignty of China on July 1, 1997. In the 1990s, large numbers of Hong Kong businesses were found to move their operation sites/bases into mainland China, mostly in the adjacent Guangdong province, in an attempt to make a good use of the abundant cheap labour and other resources in the vast market and also enjoy the preferential policies provided by the opening-up country.⁸ The massive relocation of

⁸ It was estimated that, by mid-1990s, about 25,000 Hong Kong firms were operating plants in southern China, hiring 4-5 million workers there (Husain, 1997). In Hong Kong's manufacturing, it is estimated that more than 30 per cent of it has moved to the mainland China. For some industries, like electronics and plastics, the percentage totals up to as much as 70-80 per cent (Feng, 1998, as cited by Lee, 1999: 175).

business operation sites/bases could have considerably reduced the risks or crises initially inherent with different industrial sectors in the Special Administrative Region. All this changing situational characteristics might have to a various extent contributed to the inconsistent result of association between companies' overall crisis preparedness and their operating industrial sectors. As a result, they may possibly have outweighed the differences initially inherent with industrial sectors pertaining to crisis/risk probability and thus made the proposed association between companies' industrial sector and crisis preparedness standard less prominent or significant.

5.4 Crisis perception and awareness and crisis preparedness

5.4.1 Managers' crisis perceptions and crisis preparedness

Table 5.5 below provides an array of statistical evidence reflecting managers' perceptions and awareness of crises for their companies and of their roles in a crisis event as well. Although companies in Hong Kong lagged behind their counterparts in Singapore in making specific preparations for crises, as mentioned earlier, it is interesting to note that managers from the former perceived higher likelihood of their companies' encountering a crisis within this year and the next three years respectively. Nearly 63 per cent of the managers interviewed in Hong Kong, in contrast to nearly 76 per cent of their Singapore counterparts, predicted less than 50 per cent chance for their companies to encounter a crisis within this year, while nearly 45 per cent of the managers in Hong Kong, in comparison with 74 per cent of the Singapore managers, expected less than 50 per cent chance of their companies to be hit by a crisis within the next three years.

According to the latest survey conducted by Hong Kong Industrial Federation, the Hong Kong firms operating in China's Guangdong province were estimated to employ the local Chinese workers up to as many as 7-8 million strong (Lianhe Zaobao, December 13, 2002, p. 31, citing a report by Hong Kong's Chinese daily newspaper Ming Pao).

Meanwhile, when asked to compare with average companies in the United States of America, more managers interviewed in Hong Kong than their counterparts in Singapore (40 per cent over 29 per cent) were found to perceive higher likelihood for a typical company in their own environment (i.e., in either Hong Kong or Singapore) to encounter a crisis (Also see Table 5.5 for their means comparison).

Table 5.5 Means Comparison of Crisis Awareness and Perception

Perceptions of the Following Items	Singapore (N = 200)	Hong Kong (N = 213)
1. Likelihood of facing a crisis		
(i). During this year	1.34	1.44
(ii). Within next 3 years	1.27**	1.55**
2. Likelihood of a typical firm in the local to encounter a crisis in comparison with the firms in the US	1.97*	2.17*
3. Level of knowledge of ...in your firm about his role in a crisis?		
(i) Average employees	4.45	4.23
(ii) Top management	6.06	5.92

Note: The means above are derived from the scales as denoted in the following:

- a. Items 1 - 2 range from 1 (Less than 50 per cent chance) to 3 (More than 50 per cent chance);
 - b. Item 3 ranges from 1 (Not at all knowledgeable) to 7 (Extremely knowledgeable).
- The asterisks ** and * indicate the level of significance at less than 1 and 5 per cent.

All this seems to suggest that the managers in Hong Kong companies exhibited a statistically higher awareness or perceptions of crises than their Singapore counterparts.

On the other hand, the Singapore companies are found to have performed better than the Hong Kong firms in managing to let both average employees and top

management in their firm become more knowledgeable about their role in a real crisis situation, as shown by the third item in Table 5.5. With regard to organisational members' awareness of their role in a crisis event involving their organisations, mean scores from both Singapore and Hong Kong samples seemed to suggest that top management across the two regions generally did have statistically a higher level of awareness than their subordinates regarding their individual roles in a crisis event when their companies have to face.

In terms of the relationship between managers' crisis perception and awareness and their companies' overall level of crisis preparedness, Table 5.6 below reports some statistical findings. First of all, among the three items listed in the table, only the results for the first item for the Hong Kong sample, namely, the comparative likelihood of crisis as perceived by managers in Hong Kong, appeared to have a prominent significant association with companies' crisis preparedness.

In other words, when managers in Hong Kong perceived a higher likelihood of their companies to encounter a crisis in comparison with average companies in the United State, their organisations appeared to be better prepared for crisis than those companies whose managers perceived a lower comparative likelihood of crisis. It is interesting to note that no similar or significant relationship was observed across the three groups in the Singapore sample for the same item. Moreover, there appeared to be a negative association of managers' perceived comparative likelihood of crisis with their companies' crisis preparedness, though such a direction opposite to that for the Hong Kong sample was not statistically significant.

Secondly, the results for the next two items in Table 5.6 indicate that, whether in Singapore or Hong Kong, managers' prediction for their companies' likelihood of

encountering a crisis within the year or next three years could not be observed as a significant predictor influencing their companies' level of crisis preparedness.

Table 5.6
Comparison of Crisis Preparedness Means and Managers' Crisis Perceptions

Crisis Perceptions	Mean Scores of Crisis Preparedness	
	Singapore (N = 200)	Hong Kong (N = 213)
1. <u>Comparative Likelihood</u>		
(a) Lower Likelihood	2.55 (53)	0.49 (41)
(b) Similar Likelihood	2.08 (64)	1.03 (66)
(c) Higher Likelihood	1.90 (48)	0.82 (71)
	F = 2.78	F = 4.44
	P = 0.06	P = 0.01
Post Hoc	a > b; b > c	a < b**; b > c; a < c
2. <u>Likelihood This Year</u>		
(a) Less Than 50% Chance	2.24 (149)	0.81 (129)
(b) 50% Chance	1.81 (21)	0.72 (39)
(c) More Than 50% Chance	1.73 (22)	0.91 (22)
	F = 1.80	F = 0.32
	P = 0.17	P = 0.73
3. <u>Likelihood in Next 3 Years</u>		
(a) Less Than 50% Chance	2.24 (144)	0.69 (88)
(b) 50% Chance	1.78 (23)	0.80 (40)
(c) More Than 50% Chance	1.92 (13)	1.04 (23)
	F = 1.14	F = 1.25
	P = 0.32	P = 0.29

Note: The first item in the table is meant to ask for comparing the crisis likelihood for average companies in either Singapore or Hong Kong with the average companies in the United States. For the specific questions related to the three items listed in the table, see Questions No. 4 and No. 6 of the questionnaire in Appendix A

Finally, with regard to the generally significant association among the different groups for the first item in Table 5.6, a further measurement with Post Hoc (with Dunnett's T3) test reveals that only the relationship between groups (a) and (b) in the Hong Kong sample was statistically significant, while such a significant link could not be found between other groups in Hong Kong. The finding seemed to suggest that the comparative likelihood of crisis as perceived by the managers in Hong Kong, though a significant factor as a whole, was at most weakly related to their companies' crisis preparedness only.

In short, the outcome generated from the one-way analysis of variance test on those three relevant items in Table 5.6 seems to suggest that, in either of the two regions, managers' predictions and/or perceptions of their companies' probability of facing a crisis did not appear to serve as a good and reliable predictor for their companies' crisis preparedness level. Such findings also appear to be incongruent with the rational organisational behaviour assumptions as observed by some researchers (Thompson, 1967; and Reilly, 1987).

To account for this finding, one phenomenon should not be neglected. The current study has found that a majority of the companies surveyed in both Singapore (86 per cent) and Hong Kong (68 per cent) expressed their confidence in responding well to a crisis when faced with one. About two thirds of companies in the Singapore sample and 44 per cent in the Hong Kong sample claimed that it was within their companies' control to prevent a crisis from happening. However, let's recall the findings listed in Table 5.3 earlier, where about 57 per cent of the companies in Singapore were found to prepare neither a written CM plan nor a CM team and about 47 per cent of them did not hold drills for their employees, while in Hong Kong more than 95 per cent of the companies

surveyed were found to have no written CM plan or CM team and nearly two thirds of them failed to have drills for their employees.

In addition, even among those companies across the two regions that had not experienced any crisis in the past, many of them were found to appear confident or optimistic in their companies' ability to handle crisis well. Specifically, of those companies that had not encountered any crisis before, nearly 76 per cent in Singapore, in contrast to nearly 60 per cent in Hong Kong, claimed it was within their companies' control to prevent any crisis from happening. In comparison, among those companies that had been hit by a crisis in the past, only 39 per cent in Singapore in contrast to 46 per cent in Hong Kong, expressed the similar confidence in their ability to prevent a crisis. Obviously, those companies that had experienced a crisis before may be clearly aware of the damage from a crisis and therefore rate their confidence and ability for dealing with a new one by a more strict and realistic criterion, whereas those companies that had not encountered any crisis before may likely base their confidence or optimistic evaluation on something subjective rather than specific and substantial preparations. Such a kind of confidence based on subjective reasoning could in fact have an insidious impact on their organisations once a crisis breaks out in future.

All the evidence and analysis above seem to point to a pervasive and worrying tendency of over-confidence or false security among the companies across the two regions. This pervasive phenomenon of false security may probably help account in part for the non-significant effect of managers' perceived crisis likelihood on their companies' overall crisis preparedness. Moreover, they may even be capable of accounting in some way for the non-significant relationship between companies' overall crisis preparedness

and those relevant organisational factors such as prior crisis experience, age, ownership status and industrial sectors discussed previously.

5.4.2 Organisational members' crisis role awareness and crisis preparedness

As indicated in Table 5.7 below, there existed in both Singapore and Hong Kong a very prominent statistically significant relationship between the level of awareness possessed by a company's top management regarding their role in a crisis event and their organisation's overall crisis preparedness. In contrast, no such a significant association

Table 5.7 Comparison of Organisational Members' Crisis Role Awareness Versus Crisis Preparedness Means

Knowledge Level About One's Role in a Crisis Situation	Mean Scores of Crisis Preparedness	
	Singapore (N = 200)	Hong Kong (N = 213)
1. Average Employees - Not knowledgeable at all - Somewhat knowledgeable - Very knowledgeable	1.33 (12) 2.20 (148) 2.26 (35) F = 2.09 P = 0.127	0.62 (29) 0.76 (127) 0.98 (46) F = 1.52 P = 0.221
2. Top Management - Not knowledgeable at all - Somewhat knowledgeable - Very knowledgeable	0.00(2) 1.53 (36) 2.33 (157) F = 7.05 P = 0.001	0.00 (4) 0.52 (52) 0.91 (146) F = 5.22 P = 0.006
Post Hoc	a < b**; b < c*	a < b**; b < c*

was observed between average employees' awareness of their role in a crisis situation and their companies' overall level of crisis preparedness.

In other words, the results appeared to suggest that companies' overall level of crisis preparedness was significantly and positively associated with the awareness level of top management, rather than average employees, regarding their role in a crisis situation which their organisation may have to face. The more the top management learned about how they should respond to an unexpected emergency situation, the more prepared their organisation appeared to be for crises.

The finding here may be relatively easy for interpretation given that companies across the two regions did not appear to have a high standard of crisis preparedness as a whole, as shown in Table 5.3. It also seems to suggest that top management, due to their position, authority and discretion, are able to do something regarding CM and thus become influential to the CM in their organisations whereas average employees are not in a position to do anything about it, even though they may be aware of the CM importance for their companies.

To a large extent, it may be due to the lack of sufficient recognition of CM importance among the top management of companies and their sense of false security or over confidence that had prevented them from committing needed resources to training their ordinary employees and familiarise them with their roles in a real crisis situation, hence leading to the non-significant relationship between their organisations' crisis preparedness and their ordinary staff's awareness of their own role in a crisis event to be faced by their organisations.

5.5 Impact of government's role on crisis preparedness

An examination by content analysis of the respondents' replies to the relevant open-ended questions reveals that there is no sufficient information to prove any direct relationship between the difference of government's role and companies' crisis preparedness level between Singapore and Hong Kong. In other words, there is no sufficient evidence or information for drawing such a conclusion that the differences of government's role will subsequently produce a significant impact influencing companies' crisis preparedness in a particular context. Therefore, the hypothesis (i.e., Hypothesis 8) could not be supported.

However, some phenomena regarding the association of government's role and its influence on business people's awareness of crisis and perception of crisis likelihood are worthy of our attention. As indicated in Section 5.4.1 earlier, managers in Hong Kong as a whole were found to exhibit a higher level of crisis awareness and perceive higher likelihood of their companies to encounter a crisis in near future than their Singapore counterparts, but the Hong Kong companies in the survey did not appear to be as well prepared for crisis as those Singapore companies investigated. Results of content analysis of respondents' replies to the relevant probing open-ended questions showed that, among several factors influencing their perceptions of and preparations for crises for their companies, government's role was counted as one major factor.

When asked to predict a typical local company's probability of experiencing a crisis in comparison with average ones operating in the United States, Hong Kong managers displayed a higher level of perceived crisis likelihood than their Singapore counterparts. Specifically, out of the 185 Hong Kong respondents who made the prediction, 42 (or nearly 23 per cent) said local companies were less likely to experience

a crisis, as compared with 54 (or 32 per cent) out of 169 respondents in Singapore who replied to the similar inquiry. On the other hand, a much higher percentage of Hong Kong respondents than that in Singapore (i.e., 40 per cent over 29 per cent) believed that the local companies were more likely to be hit by a crisis in comparison with companies in America.

Table 5.8 below summarises the reasons given by the respondents for predicting lower likelihood of crisis for local companies in comparison with average companies in the United States. As shown in the table, nearly half (or 46.3 per cent) of 54 Singapore respondents who predicted lower likelihood of crises for local companies counted the government's stable administration and proactive and supportive policies and measures as the reason for their assessment result while only 2 out of 42 Hong Kong respondents

Table 5.8 Crisis Less Likely in Comparison With Average Companies in USA

Crises Less Likely Due to Following Reasons	Singapore (N = 54) %	Hong Kong (N = 42) %
1. Government's Policies and Administration	46.3 (25)	4.8 (2)
2. Conducive Environment	29.6 (16)	26.2 (11)
3. Culture	11.1 (6)	4.8 (2)
4. More Prepared for Crises	5.6 (3)	26.2 (11)
5. Small in Size/Scale	3.7 (2)	9.5 (4)
6. Others	3.7 (2)	28.5 (12)

who perceived lower likelihood of crisis did the same.

By government's role, the manager respondents referred to the government's proactive and supportive policies and efficient administration and efforts for the growth and development of country/territory economy, sound laws and regulations, well organised social system, etc.

For instance, one manager said, "In Singapore, the government has done a lot to prevent crisis from happening." Another Singapore respondent replied, "Our government will minimize the risk of crisis that we were facing." Still another Singapore manager said, "The government has measures to control the situation."

Again, more Singapore managers interviewed than their Hong Kong counterparts (nearly 30 per cent over 26 per cent) counted the stable and safe environment as another major factor for their perception of lower probability of crisis for local companies. Here, environment was included by respondents from both Singapore and Hong Kong as one major favourable factor because it was regarded primarily as safe and stable and equipped with sound and advanced infrastructure, having little natural disasters as compared with America, and having a free business market (especially for Hong Kong), etc. Clearly, most of all these characteristics of favorable environment were in fact closely related to the government's role and therefore could also be regarded, to a certain extent, as a positive result or impact of government's administration efforts.

On the other hand, among those who perceived higher possibility of crisis hitting local companies, a much higher percentage of Hong Kong respondents than their Singapore counterparts (16.2 per cent over 4.1 per cent) blamed the government for failure to do enough to help businesses with the CM practices. Hong Kong respondents were quoted as saying, "Hong Kong government adopts laissez-faire system, and so it's

easier for crises to happen.” “Hong Kong government does not provide any help to small- and medium-sized firms.” “The policies of government changes so much that companies in Hong Kong would face more challenges.”

Based on their responses, results from the content analysis reveal that respondents generally agreed that crises were inevitable to businesses, particularly in today’s rapidly changing environment and it was costly to make preparations for a crisis in advance. Moreover, a crisis could strike in too many forms, which makes it all the more difficult to prepare for a crisis. All these factors often made managers grow a mentality of resignation, feeling like giving up the proactive efforts. Among those companies that failed to make any CM plan, 73 (or 57 per cent) of the 129 Hong Kong companies and 19 (or about 41 per cent) of 46 claimed that it was no use or no need making such plans since preparations often cost lots of resources in time, money, people and expertise, and crises may strike in a great variety of forms.

From the findings and analysis above, it is obvious that government’s role did exert a significant influence on business people’s perceptions of crises and also on their confidence in handling crises they may have to face, though there appeared to be no sufficient evidence or information exhibiting any direct or explicit relationship between government’s role and companies’ preparedness for crisis in either of the two regions.

However, based on the finding and evidence above, it seems to be fairly obvious that, with the assistance of government’s proactive business policies, business people would certainly feel more secure about their business environment and subsequently increase more confidence in dealing with crisis by making necessary advance preparations. Drawn from the relevant results and analysis above and from Section 5.4.1 regarding managers’ crisis perception and their companies’ crisis preparedness, it seems

to be reasonable to infer that perceptions of higher likelihood of crisis tend to dampen managers' confidence and initiatives in making advance preparations for crisis.

Government could play an important role in creating and maintaining a stable and conducive environment, which may in turn influence managers' perceptions of and confidence in dealing with crises. Government's proactive role in maintaining a stable business environment with a lower probability of crisis occurrence could in some way help build up managers' confidence in dealing with crises and moreover motivate managers to make proactive efforts to prepare for some emergency events, which they might otherwise find too difficult and subsequently could give up totally.

5.6 Impact of news media on crisis preparedness

An examination of managers' perception and assessment of the news media's attitude towards a company that is hit by a crisis reveals that there appeared to be not much difference between Singapore and Hong Kong. In the former, the mean scores of media's attitude was rated 4.19 out of the 7-point scales with 1 representing "extremely hostile" and 7 meaning "extremely understanding", whereas in the latter, the media was rated 3.95 in average in the scale, which seemed to suggest that the difference between the two regions did not appear to be so remarkable as initially expected, given the apparent different characteristics of the news media in the two regions as mentioned in Chapter 2. However, findings from the content analysis based on respondents' replies to a probing open-ended question reveal that more Hong Kong respondents than their Singapore counterparts gave a negative comment about the reporting style or attitude of the media in their society. The finding shows that 42 (or nearly 20 per cent) out of 213 respondents in Hong Kong, in comparison with 31 (or 15.5 per cent) out of 200

interviewees in Singapore, claimed the media in their society were “hostile”, “love to exaggerate the news”, “keen on sensationalizing issues to impose a bad image on companies”, etc. Table 5.9 reports the results generated from one-way analysis of variance measurement comparing the difference in companies’ crisis preparedness means among three groups in both Singapore and Hong Kong samples in corresponding to their perceived attitude of the media in their society towards the companies when hit by a crisis.

The results from Table 5.9 indicate that, whether in Singapore and Hong Kong, there appeared to be no statistically significant relationship between the differences in the means of companies’ crisis preparedness and their perceived media attitude in their own society. In other words, whether the media was perceived as hostile or understanding

Table 5.9
Comparison of Companies’ Perceived Media Attitude Towards Their Companies
When Hit by a Crisis Versus Their Companies’ Crisis Preparedness

Perceived Media Attitude	Mean Scores of Crisis Preparedness	
	Singapore (N = 194)	Hong Kong (N = 202)
(a) Hostile	1.98 (n = 40)	0.70 (n = 54)
(b) Neutral	2.12 (n = 77)	0.87 (n = 99)
(c) Understanding	2.27 (n = 77)	0.73 (n = 49)
	F = 0.58 P = 0.56	F = 0.69 P = 0.50

towards a company encountering a crisis did not seem to produce any significant impact influencing the company's level of crisis preparedness subsequently in either Singapore or Hong Kong.

The survey questionnaire also included one item capable of reflecting the manager respondents' perception or awareness of media's role for the success of CM efforts. The question was meant to request for ranking the importance of media as one major target audience to the company during a crisis.⁹ Table 5.10 below reports the results based on one-way analysis of variance indicating that, in the Singapore sample, the differences in the means of companies' overall crisis preparedness appeared to be positively related to the level of their managers' perceived importance of media as a major target audience during a crisis event faced by their companies and such a

Table 5.10
Comparison of Companies' Perceived Media Role Versus Crisis Preparedness

Perceived Media Role	Mean Scores of Crisis Preparedness	
	Singapore (N = 195)	Hong Kong (N = 213)
(a) Not Important	1.30 (n = 27)	0.84 (n = 81)
(b) Somewhat Important	1.91 (n = 66)	0.73 (n = 94)
(c) Important	2.55 (n = 102)	0.85 (n = 27)
	F = 10.19 P = 0.000	F = 0.35 P = 0.70
Post Hoc	a < b; b < c**; a < c***	

⁹ See Question No. 39 in the survey questionnaire in Appendix A.

relationship is also generally statistically significant between all the groups except groups (a) and (b). With regard to the Hong Kong sample, no similar result and significant association was observed, as can be seen from the table.

Such an inconsistent finding from Singapore and Hong Kong should not be too surprising given the marked differences of the media between the two regions. One possible explanation for the non-significant association between managers' perceived importance of the media in Hong Kong as one major target audience for the crisis-hit companies and their companies' crisis preparedness could be owing to the relatively low credibility of the media in the territory. Such a situation may have probably resulted from the propensity of some media in pursuing commercialism and sensationalisation of news events/stories at the expense of public benefits. As mentioned in Chapter 2, a recent opinion survey revealed that Hong Kong's media were ranked lower than their counterparts in Singapore and Japan in terms of the public credibility and sense of responsibility (Hong Kong Economic Journal, as quoted in Lianhe Zaobao, April 21, 2001, p.30). As a result, the media may not appear to be an ideal or reliable source or channel in the mind of many managers and/or executives in that particular context for developing and/or maintaining an image for their organisations.

5.7 Multiple regression analysis

So far, the relationship between all the independent variables and the integrated overall crisis preparedness of the company has been examined and measured primarily by the way of t-tests or one-way analysis of variance. At the same time, Hypothesis 8 about the impact of government's role on company's overall crisis preparedness has also been examined, measured and analysed by means of content analysis. As already indicated in

Chapter 4, these bi-variate statistical analysis could not rule out nor adjust for the potential confounding effects resulting from the correlations of the relevant variables in the analysis with a third variable. For example, it was found that, by means of one-way analysis of variance, a company's overall level of crisis preparedness was positively and significantly associated with the company size in terms of employee numbers. The larger a company, the better prepared it would appear to be for responding to and dealing with crises. However, those large companies, in comparison with small ones, might often turn out simultaneously to be the ones that have operated for longer years, or have become an MNC or experienced a crisis before. As a result, the better preparedness of those large companies might in a certain way be attributed to the differences in terms of their length of operation or age, their ownership status, prior crisis experience, etc.

To adjust for the potential confounding effects, multiple linear regression models were employed as a final measurement testing the relationship between the companies' overall crisis preparedness and each relevant explanatory variable simultaneously in one model and determining whether each of those hypotheses under test could be ultimately supported or rejected. As we know, the multiple regression method is capable of testing the dependence of companies' preparedness on each of the independent variables in regression equation assuming all other independent variables in regression equation are held constant.

Table 5.11 reports the outcome based on the multiple regression analysis, as introduced in Chapter 4, displaying the coefficients in the standardized form. The table shows that the explanatory power of the regression model is 30.4 per cent and 16.2 per cent in accounting for companies' overall crisis preparedness in Singapore and Hong Kong respectively.

Table 5.11 Results of Multiple Regression Analysis

Explanatory Variable ^a	Coefficients (Beta)			
	Singapore	Hong Kong	Combined Sample	
			(A)	(B)
Prior Experience	.114	.160+	.077	.103+
Size	.303***	.130	.350***	.291***
Age	.003	-.011	.051	-0.005
Ownership				
- Local MNCs	.096	.173+	.084	.085+
- Foreign MNCs	.026	-.055	.086	-.017
Industrial Sector	.145+	-.097	.058	.026
Comparison with US	-.071	-.008	-.026	-.025
Crisis Perceptions	-.016	-.066	-.059	-.062
Average Employees' Role Awareness	.038	.083	.060	.053
Top Management's Role awareness	.177*	.231*	.175**	.178**
Media's Attitude	.085	-.039	.044	.010
Media as Audience	.298***	-.028	.192***	.135*
Location (S'pore = 1)				.284***
R2	0.304	0.162	.325	.366
Adjusted R2	0.240	0.074	.293	.334
F	4.76***	1.84*	10.33***	11.43***

Note:

- a Due to the space constraint, a brief form for the variable is used, wherever necessary, to refer to those independent variables as defined and illustrated in Chapter 4 (also refer to Table 4.1). For example, "Comparison with US" refers to the variable of managers' perceived likelihood of crisis for their company in comparison with the crisis likelihood for average companies in the United States; "Media's attitude" refers to managers' perceived attitude of media towards a company when hit by a crisis; and "Media as audience" refers to managers' perceived importance of media as a major target audience during a crisis situation faced by their company.
- b. The asterisks ***, **, and * indicate the level of significance respectively at less than 0.1 percent, 1 percent and 5 percent.
- c. The plus + indicates the level of significance at 10 per cent.

After the two samples were combined using the multiple linear regression model, first without and then with the addition of the location variable,¹⁰ we can see a different outcome as listed in Column A and Column B of Table 5.11. The outcome exhibits that, with the addition of location variable into the regression model, the resulting explanatory power for the companies' overall crisis preparedness was increased to over 36.6 per cent as listed in Column B from below 32.5 per cent as listed in Column A. The results in Column B also indicate that the location variable appeared to function as a highly influential factor affecting companies' overall crisis preparedness, which in turn seems to suggest that there may exist a considerable difference as a whole between Singapore and Hong Kong in terms of companies' preparation for crisis.

Viewed in totality, Table 5.11 shows that those 11 independent variables can jointly explain 30 per cent (i.e., R^2 is 0.304) of the overall crisis preparedness among the Singapore companies, while they can jointly explain about 16 per cent (i.e., R^2 is 0.16) of the overall crisis preparedness among the Hong Kong companies.

Meanwhile, among those 11 variables placed in the regression model separately for the Singapore and Hong Kong samples, three variables appeared to be statistically significant for the former in contrast to only one appearing to be significant for the latter.

In addition, only one of those 12 variables, that is, management's awareness of their role in a crisis event, appeared to be consistently significant in both of the two samples.

¹⁰ The location variable was coded as "1" for Singapore and "0" for Hong Kong, as described in Chapter 4.

5.7.1 Effects of organisational factors on crisis preparedness

First of all, with regard to the association of companies' prior crisis experience with companies' overall crisis preparedness, the results of regression analysis in Table 5.11 show that prior experience in either Singapore or Hong Kong appeared to be a statistically non-significant independent variable in affecting companies' overall level of crisis preparedness, which seemed to suggest that, in both Singapore and Hong Kong, whether or not companies had encountered a crisis in the past did not produce any significant impact on their subsequent status of overall crisis preparedness. In other words, companies that had been hit by a crisis before were not found to have well drawn the hard-earned lesson and become better prepared for future crises than those that had never before met any crisis. The results generated from the regression model here are similar to those from the t-test measurement, as discussed in Section 5.3.1 previously. Moreover, the finding here is also consistent with Reilly's earlier study conducted in the United States (1987).

As mentioned previously in Section 5.3.1, managers' failure or even reluctance to attach sufficient importance to the CM efforts and practices for their companies' steady operation and development may well be attributed to such a non-significant relationship in this regard. Furthermore, the mentality or attitude of resignation as found among many managers and executives in addressing the inevitable businesses crises, and concurrently the pervasive mentality of false security or over-confidence among managers and executives in their actual ability to respond to and cope with crises may also have in some way contributed to such findings. All these factors might have to a various extent hindered those companies hit by crises before from really benefiting from drawing

valuable lessons from their learning experiences, subsequently failing to make any change for improvement in crisis preparations in the end.

Based on the findings from both t-test measurement and regression analyses, therefore, the hypothesis about the association of companies' overall crisis preparedness with their prior crisis experience (i.e., Hypothesis 1) was not supported.

With regard to the explanatory variable of company size, Table 5.11 shows an inconsistent outcome respectively for the Singapore and Hong Kong samples. While it was highly significant in the former (i.e., at the 0.1 per cent significance level), it was not statistically significant at all in the latter, which is also somewhat different from the results from one-way analysis of variance, as illustrated in Table 5.4 previously. The one-way analysis of variance testing performed on the Hong Kong sample revealed that company size was on the whole a significant variable capable of influencing the companies' crisis preparedness, though such a significant association was actually found to be rather weak, as evidenced by the result of a Post Hoc test.

One possible explanation for the failure of company size to appear as a significant variable from the multiple regression analysis for the Hong Kong sample might possibly be due to the obvious characteristics of the Hong Kong sample, with only a very limited number of medium and large firms, as mentioned in Section 5.3.2. Furthermore, only a very small percentage of the companies in Hong Kong were found to have prepared a written CM plan (about 2 per cent only) or CM team (4.2 per cent), which might probably have resulted in an overall low crisis preparedness means among Hong Kong companies, as shown previously from those tests by one-way analysis of variance. All these could have caused an insufficient variation in the Hong Kong sample and in turn led to a non-

significant association between Hong Kong companies' crisis preparedness and their size and many other factors under study, or only a weak association only.

However, companies' crisis preparedness, or the dependent variable in this study, is an index variable made up of four factors (See Table 5.3). Although very few companies in Hong Kong were found to have a written CM plan or CM team, a good number of them were found to have planned for crisis and conducted drills for their employees, which would make the dependent variable valid and reliable for the testing and analysis in this study.

Still another possible explanation for the inconsistent outcome regarding the relationship between companies' crisis preparedness and their size could be due to the different definitions and operationalisation of company sizes for the two different regions.¹¹

Given the inconsistent outcome from the two regions, a conclusion could probably be drawn that the predicted positive relationship between companies' overall crisis preparedness and company size is true only in Singapore but not in Hong Kong, and therefore Hypothesis 2 about such a positive association could not be supported on the whole. In other words, it was supported only in the context of Singapore.

From Table 5.11, it is found that companies' age, whether in Singapore or Hong Kong, did not appear to be statistically significant in accounting for companies' overall crisis preparedness. The findings here are consistent with those from one-way analysis of variance measurement, as illustrated in Table 5.4. As mentioned previously, such results could possibly be caused by the high turnover of the employees, thus resulting in the loss

¹¹ Please refer to the second footnote in Chapter 4 for the definitions of company sizes for Singapore and Hong Kong.

of the so-called institutional memories and the valuable lessons. Also it could be attributed to the rigid perceptions and attitude among the top management of the organisations, especially for those that have fortunately been spared with any crisis encounters before. For example, one senior manager from Singapore who was confident that a crisis was unlikely to occur to his company said, “Never in my 30 years have I experienced a crisis”. A similar attitude was also found among some other manager respondents in both of the two regions. To them, a crisis was something that happened to other organisations. These managers had their perceptions supported by luck, which may in turn justify their neglect or downgrading of the importance of crisis preparations for their organisations and prevent them from drawing from other companies’ crisis lessons. On the other hand, a lack of sufficient awareness of CM importance, resignation, or over-confidence, could also have contributed to this outcome. A number of other managers held that crises were due to external factors beyond their control and there was nothing they could do to plan about it. They seemed to believe in a fate for their organisations and themselves regarding the chance of crisis encountering. They demonstrated an attitude of resignation when addressing the issues of crisis and CM. Such belief or attitude could have made the managers adhere to their own preferred set of practices and norms that constitute a distinctive, organisational approach to problem-solving and performance, as noted by Kahneman and his co-researchers (1982). Subsequently, the benefits of organisational learning, if any, from their longer years of operations could well be ignored and wasted.

Based on the results generated from both one-way analysis of variance measurement and the regression model as shown in Tables 5.4 and 5.11, the hypothesis about companies’ age or operational years in relation to their crisis preparedness (i.e.,

Hypothesis 3) for both Singapore and Hong Kong companies alike could not be supported.

In terms of companies' ownership versus crisis preparedness, the regression results in Table 5.11 are basically consistent with those results generated from one-way analysis of variance as listed in Table 5.4, though the former also indicates that the ownership in Hong Kong was in some way statistically related to companies' crisis preparedness between local MNCs and local non-MNCs. That is, local MNCs in Hong Kong appeared to be more prepared for crises than local non-MNCs, but such a relationship was found at the 10 per cent significance level, which was often regarded by some researchers as a moderately significant relationship. From a rigorous and conventional perspective, nevertheless, MNCs in both Singapore and Hong Kong, be they locally owned or foreign owned, were not observed to have any statistically significant superiority in terms of their organisations' overall crisis preparedness (in comparison with the local non-MNCs as the base group in the model). In other words, ownership was not observed as a significant predictor capable of influencing companies' overall crisis preparedness, as shown in Tables 5.11 and 5.4 alike.

As discussed in Section 5.3.4 earlier, possible major reasons for this unexpected finding could include the complacent or inflated security mentality that was often held among business managers/executives of successful or large companies, as observed by some researchers (Boulas, 1998; Cox, 1999; Mitroff and Pauchant, 1990; and Wisenblit, 1989). Complacency and over-confidence among managers and/or senior executives of large companies may have well prevailed among the MNC managers/executives, which have in effect resulted in their neglect of the importance of CM endeavours and crisis

preparations and meanwhile dampened their initiatives for making a good use of their organisations' superiority for crisis preparations.

Given the results from the regression analysis in Table 5.11 above and also from the one-way analysis of variance shown in Table 5.4, therefore, the hypothesis about company's ownership versus the organisation's crisis preparedness for both Singapore and Hong Kong (i.e., Hypothesis 4) was not supported.

Table 5.11 shows that industrial sector in either Singapore or Hong Kong did not appear to be a prominent significant factor in influencing companies' crisis preparedness, although the sector variable in the sample of the former, given its significance level at the less than 10 per cent, is often interpreted by some researchers as having a moderately significant impact on companies' preparedness level. In line with the conventional benchmark observed throughout this study, the difference of industrial sectors in either of the two regions is interpreted as bearing no significant impact on companies' crisis preparedness in this study.

This finding, though consistent with the results from one-way analysis of variance measurement as discussed in Section 5.3.5, appears to be different from Wisenblit's (1989) study regarding the association of companies' crisis preparations with the specific characteristics and nature and crisis/disaster probability inherent with their industrial sectors and also inconsistent with Barton's (1993 and 2000) research and observation.

Possible explanations for such findings have been explored and discussed earlier in Section 5.3.5, which are closely related to the two regions' history. Those relevant factors as highlighted earlier should be taken into full consideration in the attempt to account for the findings in this regard. For Singapore, the widespread "permanent sense of crisis" (Yuen, 1998) and "perennial vulnerability" (Ramakrishnan, 1998) caused by

the peculiar geographical make-up of the island state, as mentioned in Chapter 2, and, moreover, the escalating competition between the Republic and its neighbouring countries in the past decade could have considerably enhanced the sense of crisis in the mind of general public including managers and/or senior executives. This could in some way help to account for the overall higher level of crisis preparedness among Singapore companies than that for their counterparts in Hong Kong, as shown in Table 5.3. The perennial sense of crisis and the imposing pressure from the rising national rivals might have in some way outweighed the difference of industrial sectors in terms of their crisis/risk probability and prompted people to view all industries in quite a similar way. For Hong Kong, on the other hand, the past decade has witnessed the unprecedented and massive movement or relocation of operation sites from Hong Kong to mainland China, which should have in turn remarkably reduced the risks and crises originally inherent with the sectors when they were in Hong Kong and meanwhile increased the profitability in the new environment. Moreover, the massive relocation of operation sites/bases may have also eased off the differences in crisis probability between various sectors.¹² Consequently, industrial sector has become an insignificant factor in accounting for companies' crisis preparedness in either of the two regions.

In addition, managers' failure to attach due importance to CM efforts and practices, their over-confidence or resignation attitude or mentality as mentioned previously may also contribute in some way to the non-significant relationship between their companies' crisis preparedness and the actual sectors their organisations were from.

Based on the findings listed in Table 5.11 above and in Table 5.4, therefore,

¹² Please refer to the 7th footnote in this chapter for relevant information and source.

Hypothesis 5 about the proposed association between companies' crisis preparedness and industrial sector was not supported.

5.7.2 Effects of organisational people's perceptions on crisis preparedness

Table 5.11 indicates that, whether in Singapore or Hong Kong, there was no significant relationship between managers' perceptions of crisis likelihood and their organisations' level of crisis preparedness, which is basically consistent with the results generated from the one-way analysis of variance as illustrated in Table 5.6. Therefore, the hypothesis regarding the particular association (i.e., Hypothesis 6) was not supported.

In the regression model, this hypothesis was tested with two variables, as listed in the table. One is managers' perception of comparative crisis likelihood for their companies. That is, their perceived likelihood of crisis their companies may have to face in comparison with average companies in the United States. The other variable is about their predictions of crisis likelihood that their companies may possibly encounter within the next one to three years. Neither variable, across the two regions, was observed to have any significant impact at all on the organisation's overall crisis preparedness. Such findings could also be interpreted as whether managers perceived of any crisis looming for their organisations did not result in any significant difference in their efforts to increase their organisations' actual capability for dealing with that imminent uncertainty. As already discussed in Section 5.4.1, the findings appear to contradict the normal assumptions of rational organisational behaviour as observed by Thompson (1967). And one possible major reason to account for it could be due to the mentality of false security or over-confidence commonly held among the managers and executives across the two regions, as identified by some scholars in the context of Asia (Boulas, 1998; Cox, 1999).

This mentality does not only exist among senior business executives in Asia, but is also common among many organisations in the West, as observed by Mitroff and his research colleagues (Mitroff and Pauchant, 1990; Mitroff and Anagnos, 2001). This kind of insidious mentality or attitude held among the top management of many companies in the survey could have made their organisations fall prey to an “illusion of invulnerability” (Janis and Mann, 1977: 130).

Furthermore, in Hong Kong, the prominent propensity among many entrepreneurs, especially those for small- and medium-sized firms, for taking a short-term perspective and pursuing the maximum gains at a risk (Yu, 1997) may probably have been reflected in their addressing and handling of crisis preparations and other CM issues. Subsequently, the over-confidence mentality plus the risk-taking propensity may have jointly contributed to the non-significant association of managers’ perceptions of crisis likelihood and their companies’ overall crisis preparedness.

With regard to the relationship between organisational members’ awareness of their role in a crisis event and the overall crisis preparedness of their organisations, the results from Table 5.11 above appear to be well consistent with the findings generated from the one-way analysis of variance in Table 5.7. Therefore, it seems to be justifiable to conclude that the hypothesis about the positive association of companies’ crisis preparedness and all organisational members’ knowledge regarding their role in a crisis event (i.e., Hypothesis 7) was not supported. Table 5.11 shows that average employees’ awareness of their individual role in a crisis event appeared to bear no significant association at all with their organisation’s overall crisis preparedness, in either Singapore or Hong Kong. In contrast, the top management’s awareness of their role in a crisis

situation was found to have a highly significant impact in influencing their companies' crisis preparedness in both Singapore and Hong Kong.

The evidence here also highlights the special importance of top management's support of and dedication to the CM efforts as an integral link to the success of an organisation's CM repertoire, which has been emphasized by CM expert Mitroff and many other CM scholars and practitioners, was commonly received and shared by top management of business companies.

As already discussed in Section 5.4.2, the non-significant relationship between ordinary staff's crisis role awareness and their companies' crisis preparedness could be possibly attributed to a reflection of ordinary staff's actual influence in their organisations' CM and, moreover, the neglect of CM importance among the top management of many organisations and their over-estimation of their actual ability to deal with crises. The factors related to the top management may have well prevented many companies from committing needed resources to enabling their ordinary employees' to learn more about their individual roles in a crisis situation.

5.7.3 Effects of media factor on crisis preparedness

Based on the results of the multiple regression model listed in Table 5.11, it is found that media's attitude, as perceived and rated by the managers in this study, towards a company encountering a crisis did not appear to have any significant impact in influencing companies' overall crisis preparedness in either Singapore or Hong Kong, which was consistent with the finding from the test of one-way analysis of variance, as illustrated in Table 5.9. However, managers' ranking of media's importance as one major audience during a crisis faced by the company is found to produce a different

outcome between the Singapore and Hong Kong samples. Specifically, in Singapore, managers' perceived importance of media as one major target audience to their companies amid a crisis event was significantly associated with their organisations' level of crisis preparedness, while in Hong Kong no such a significant link was observed among the companies surveyed. All the findings here again are congruent with the results generated from the one-way analysis of variance measurement as shown in Table 5.10. Therefore, Hypothesis 9 proposing that companies' overall crisis preparedness was associated with their perception of media's operating style and media's crucial role for the success of companies CM efforts and practices in both Singapore and Hong Kong alike was not supported, although companies' perception level of media's importance for the success of the whole CM repertoire was observed to bear a highly significant impact on companies' crisis preparedness in the Singapore sample alone.

As already discussed in Section 5.6, such a conclusion about the media's perceived role for the success of CM across Singapore and Hong Kong should not be too surprising given the considerably different characteristics found in the news media across the two regions in terms of their professional approaches and activities, and values and philosophy they have all along emphasized and pursued.

Singapore's relatively controlled environment and regulations for media's operation and activities could probably have made the media more conscious in disciplining themselves and functioning as a more reliable information source and channel for the general public in comparison with Hong Kong's media, thus enabling business managers/executives to realise the media's crucial role in the success of the whole CM efforts and practices and find them more approachable and reliable for entering into a healthy and effective communication link. In contrast, the adamant

pursuit of press freedom and commercialisation in the name of the public's interests by the Hong Kong's media might have to some extent reduced their credibility, prompting business people as well as the general public to shun the media and suspect or underestimate their real effect for good CM. Such a situation could prevent business people from well identifying and realising the media's importance for a high standard of CM work in their own environment. Consequently, a significant difference was found here between Singapore and Hong Kong in terms of managers' perceived importance of news media's role for the success of their companies' CM efforts and practices.

5.8 Summary

This chapter has basically reported and discussed the results generated from several research techniques employed in an attempt to explore and examine the relationship between companies' overall level of crisis preparedness and a number of proposed explanatory variables. Except the variable regarding the impact of government's role, all the variables were tested and measured with both one-way analysis of variance and multiple regression analysis examining each proposed explanatory variable in its capability to account for the variances in companies' overall crisis preparedness and comparing their impacts on companies' preparedness between the two regions.

The outcome of the data processing and analysis from the two samples reveals that in general there appeared to be a considerable disparity between Singapore and Hong Kong in terms of companies' overall preparations for crisis although on the whole companies in either Singapore or Hong Kong did not appear to have sufficiently prepared themselves for crisis. Meanwhile, hardly any single explanatory variable under study

was found to be able to produce a similar and consistent impact significantly on companies' overall crisis preparedness across the two regions. Out of a total of 11 explanatory factors or variables under study, only one factor, that is, the top management's awareness of their role in a crisis situation, was found to be significantly related to their companies' overall crisis preparedness in both Singapore and Hong Kong. In most cases, however, the same variables were found to produce a different impact on companies' crisis preparedness from one region to the other. For example, company size and managers' perceived importance of media's role for company's CM appeared to bear a significant impact in influencing companies' crisis preparedness in the Singapore sample, but the same relationship could not be observed in the Hong Kong sample.

On the other hand, of the whole list of 11 proposed independent variables tested in the regression model for both regions, only one was found to have a significant association with companies' crisis preparedness in the Hong Kong sample. Such an unexpected outcome could possibly have been caused by the insufficient variation of the Hong Kong sample (i.e., only a very small proportion of firms in medium- and large-sized categories). Moreover, the generally low means of crisis preparedness for Hong Kong companies generated probably by very few firms having prepared a written CM plan or set up a CM team could also have, together with the possible insufficient variation in the sample, led to the non-significant associations of the most proposed variables and companies' crisis preparedness in Hong Kong. In addition, the outcome also seemed to suggest that companies' crisis preparedness among Hong Kong firms may probably be influenced by other factors that have not been identified or captured for this study.

Meanwhile, the results in this study have also revealed that the managers' perceptions of crisis did not appear to bear any significant impact on companies' CM

repertoire in Singapore and Hong Kong, and nor did the government's role appear to exert any direct effect on companies' CM practices and crisis preparedness level as predicted.

The next chapter will attempt to draw conclusions from the findings of the current study as well as discuss the limitations of this study and potential areas for future research in the field.

CHAPTER 6 CONCLUSION

As one of the first few attempts of empirical research of CM in an Asian context, the primary objective of this study has, by means of personal interviews in two surveys with managers and executives from 413 companies in Singapore and Hong Kong, been to explore and ascertain some realities among the companies in terms of their current status of crisis preparedness. In pursuit of its primary goal, the current study has made a close study of nearly a dozen selected factors or variables in respect to their potential association with the companies' overall status of crisis preparedness, examining and measuring whether and how those factors bear any significant discrepancies in their actual impact on companies' overall crisis preparedness in the two industrialized economies in Asia.

Having reported the results from the data analysis and provided some necessary discussion and analysis for the interpretation of those results, this chapter intends first of all to draw a summary, based on the foregoing reports and discussions, of what could be possibly concluded as meaningful findings for this study. After that follows a brief discussion on the limitations of the current study and suggestions for some possible major directions/areas of future research.

6.1 Summary of major findings of the current study

Major findings of this study are to be summarised below in a way that is in corresponding to the two research questions brought up at the very beginning of this dissertation.

Concerning the first research question about the major factors that may affect the business companies' overall crisis preparedness in Singapore and Hong Kong, the main findings of this study are summarized as follows:

1. Top management's awareness of their individual roles in a crisis situation faced by the company is considerably influential in ensuring an organisation to develop and maintain a high standard of preparedness for responding to and dealing with unexpected occurrence of crises, as this factor was observed in the current study to bear a consistent significant impact, in both Singapore and Hong Kong, in influencing the organisation's overall level of crisis preparedness. Therefore, it may be justifiable to emphasize, and in fact one can never overemphasize, that the CM work and responsibility should not be confined only to those people or managers directly involved in that function. Instead, it is imperative for all the members of top management in a company to be clearly aware of their individual roles and responsibilities in an event when an unexpected crisis befalls their organisations. Moreover, the top management should manage to familiarize themselves with their role and duty in normal times prior to the outbreak of any crisis.
2. Managers' perceptions of crisis likelihood differ considerably from one to another even in the same environment, but their perceived likelihood of crises which their companies may have to face in near future do not appear to significantly lead to any different result in their companies' overall status of crisis preparedness in either Singapore or Hong Kong. This could probably be attributed to the common mentality of false security, as already observed by a number of researchers in the CM field, and also to

the pervasive propensity of business people, especially in Hong Kong, in taking a risk for pursuing the maximum gains at a risk with a short-term orientation.

3. There exists a common mentality of false security or over-confidence among managers/executives across the two regions about their companies' confidence and actual capability to respond to and dealing with the attack of crises, whether or not their companies had experienced a crisis in the past. Considering that the two surveys were conducted after the devastating Asian financial crisis in 1997-1998, in which many companies were badly hurt or affected, such a finding appeared to be both alarming and puzzling. The pervasive mentality should indeed merit deep concern and sufficient attention as it may remarkably hinder new efforts for improvement on crisis preparedness and other CM repertoire among business people.

4. The impact of government's policies and administration in industries and economy is found in this study to have no direct impact on companies' overall level of crisis preparedness, although it could be inferred from the results of content analysis discussed earlier that government's role may be influential to managers/executives in their perception and evaluation of crisis within their own environment. Although managers' perception of higher likelihood of crises appeared to have no direct impact on their companies' crisis preparedness, nevertheless, the results of content analysis seemed to indicate that it may dampen business people's confidence in and initiatives for making advance preparations for crises. The content analysis results seemed to suggest that government's consistent and proactive interventions might help in some way make the business people feel more secure about their business environment, subsequently

increasing their confidence in and initiative for preparing themselves for the attack of any crisis in advance.

5. The media's attitude towards a company that is hit by a crisis is perceived in a slightly different way between business managers/executives in Singapore and in Hong Kong, but media's attitude as perceived and rated by the managers and/or executives under study did not seem to produce any significant impact on companies' overall level of crisis preparedness in either of the two regions.

6. In Singapore, companies' overall crisis preparedness is also found to be positively related to two other factors or variables in addition to the factor about top management's awareness of their own roles in a crisis situation mentioned above. These two factors are (a) company size, and (b) company's perception of media's importance for crisis communication. Both factors appeared to have a very obvious significant association with their organisation's overall status of crisis preparedness, but such a significant link is not found among the companies in Hong Kong.

Specifically, in Singapore, large companies, with their superiority in respect to the needed relevant resources, appeared to be better prepared for crisis than small ones. When managers of companies are clearly aware of the media's important role and take action to build an effective relationship with the media, their companies' crisis preparedness standard could be affected positively. However, similar significant association could not be observed among Hong Kong companies.

With regard to the second research question about the general level of business companies' crisis preparedness in the two regions, the major finding of this study is concluded as follows:

7. The overall crisis preparedness among business companies in either Singapore or Hong Kong, when viewed in totality, appears to be still far from a desirable standard, although companies in the former seemed to have performed better on the whole than their counterparts in the latter in terms of the four critical aspects, namely, a general plan for crisis, a written CM plan, a CM team, and drills for employees to prepare themselves for responding to crises. In other words, business companies across the two regions are in general not sufficiently prepared for responding to and dealing with attacks of unexpected crises, which confirms to the findings of previous studies and observations.

6.2 Limitations of the current study

Despite strong intention and much effort to make this study, the first attempt of empirical and exploratory research to look into companies' crisis preparedness in two Asian well-developed economies, a complete and successful one, a few limitations can be identified easily in the following.

First of all, although reliability of the data collected from the personal interview respondents has been emphasized throughout this study, especially during the survey period, the extent of reliability of the information provided by the interviewees could have been much improved if there were two informers rather than one, from the same company. Having two informers would have allowed for checks on the reliability of the information collected. Such a practice might be especially desirable for those companies

that were represented by public relations or corporate communications managers or executives in the personal interviews. This is because those professionals, as some people may tend to believe, are often trained to provide information in favour of their own organisations. However, the constraint of the research budgets has prevented such a consideration from going further into practice, resulting in the reliance of reasonable sample and quality data completely on the expertise and experience of the professional agency of ACNielsen.

Secondly, this empirical study has focused on the companies' existing status of overall crisis preparedness exploring and examining a total of 413 business companies in Singapore and Hong Kong at the same time. The feature of those companies selected for the surveys in each of the two regions could, apart from being a reasonable representative of the whole industrial population, have intentionally been arranged in such a way that would make two samples more matching or comparable in terms of their organisational dimension including company size, ownership and industrial sectors, etc. Subsequently, the samples from the two regions could have become ideally comparable for a comparative study and the comparison across the two regions could probably have become more meaningful.

Thirdly, given a total sample size of 413 companies representing the whole industrial population of two of the most developed economies in Asia, it is rather difficult to expect all industries and categories of companies were equally well covered and represented in the current study. Therefore, it may not be realistic to expect the findings of this study to have a high extent of generalisability in other similar contexts. However, despite its limitations as summed up above, this study could serve as an empirical research attempt providing some meaningful evidence and insights into the

central research topic, which should in turn be helpful to future research attempts in a similar context.

6.3 Suggestions for further research

Based on the current study, some suggestions for future research attempts are forwarded in the following:

First of all, the findings of this study have indicated that all those explanatory variables or factors included in this study could jointly account for only a limited proportion of companies' overall crisis preparedness, as evidenced by results of hypotheses testing as well as the R^2 values in Table 5.11 respectively for the Singapore and Hong Kong samples. This is equal to suggesting that companies' existing status of crisis preparedness appeared to have been affected by a number of other factors currently still beyond the scope of this study. In order to have a better understanding of companies' overall crisis preparedness and its dependence on all the potential and influential factors, it requires further research to explore and identify those potential yet unknown factors. The unraveling of the specific relationship between companies' crisis preparedness and more specific and genuinely influential factors will certainly render new and significant findings and benefits contributing to the further development of the CM theory and literature and the expansion of practical management expertise and inventory.

This study has found some companies are better prepared for crises than others in that they are equipped with more preparations. Nevertheless, little is known about to what extent those well-prepared organisations can really respond to and deal with an unexpected crisis, especially when compared with other poorly or not at all prepared

organisations. Therefore, it would be very meaningful and also necessary to have some longitudinal or case studies which focus on examining and comparing the actual effects and ability in coping with crises between those organisations in different status of crisis preparedness within a certain time frame. Such studies will enable people to find out and further understand how well those commonly endorsed preparatory measures, mechanism, system and perceptions can protect organisations from the attack of crises.

Given that conditions may vary considerably from one category of organisations to another, or from one industry to another, it might be more meaningful for some future attempts to narrow the focus down to a particular area at a time emphasising the research depth instead of the breadth in the area of CM. For example, future research may want to look at only one certain type of organisations like large-sized companies, MNCs, or non-profit organisations, to see how the CM issues are perceived and handled in that particular kind of organisations or industry. The outcome of that kind of study could provide some findings more insightful and also relevant to other organisations in the similar context and help people, both academic and professional, gain some in-depth understanding of the CM in a particular context.

6.4 Concluding remarks

The current study explores and examines the crisis preparedness among business companies in Singapore and Hong Kong and its association with nearly a dozen factors related to the organisational and environmental characteristics, and perceptions of the managers or executives concerned.

The results of this empirical research have revealed that Singapore and Hong Kong business companies' overall level of crisis preparedness is on the whole not up to

the desirable standard, especially among the companies in Hong Kong. Meanwhile, the current study also seems to have revealed a considerable disparity between the two regions in companies' status of overall preparedness for crises and also in the specific effects of some factors under examination, which await further examination.

Furthermore, consistent with what some researchers have earlier observed among the business managers and/or executives in the Asian context (Boulas, 1998; and Cox, 1999), findings from this study also suggest that the managers and/or executives in the survey had false security or over-confidence about their organisation's ability to respond to and deal with unexpected crises. As pointed out earlier, this kind of mentality can be dangerous, especially to those companies that have never experienced any crisis before but have based their confidence and ability on the subjective reasoning rather than substantial preparations. Therefore, the pervasive phenomenon should set both researchers and practitioners us pondering and also call for further research.

It has widely been recognised that a crisis often carries double-edge implications for an organisation. Almost every crisis contains within itself the seeds of success as well as the roots of failure (Augustine, 2000), as explicitly and vividly represented by the Chinese word of *weiji*, which simply comprises danger and opportunity as its components. A crisis can serve as a rare good opportunity for an organisation in many ways but can also mean a nightmare for a company to have its existence at critical stake, largely depending on how the organisation addresses such an important issue of CM and prepares itself in advance. Given that organisational crisis is inevitable, it is therefore imperative for each and every organisation to attach high importance to CM and try its best to prepare itself well for crisis prior to its occurrence, especially in the contemporary times when changes and challenges have become constant.

It is thus hoped this study will arouse more research interest and efforts among academics, professional consultants and practitioners in exploring the CM issues in the Asian context and meanwhile trigger a new wave of studies of the important issues in the area from more perspectives and approaches.

BIBLIORGRAPHY

- Argyris, C. and Schon, D.A. 1978. Organisational Learning: A Theory of Action Perspective. Reading, Mass.: Addison-Wesley.
- Augustine, N. R. 2000. Managing the crisis you tried to prevent. Harvard Business Review on Crisis Management. Boston, MA: Harvard Business School Publishing. pp.1-31.
- Barton, L. 1993. Crisis in Organisations: Managing and Communicating in the Heat of Chaos. Cincinnati, Ohio: South-Western College Publishing Co.
- Barton, L. 2001. Crisis in Organisations II. Cincinnati, Ohio: South-Western College Publishing Co.
- Benoit, W. L. 1997. Image repair discourse and crisis communication. Public Relations Review. Vol: 23, No: 2, pp.177-186.
- Bland, M. 1998. Communicating Out of A Crisis. London: MacMillan Press Ltd.
- Bond, M. H., and King, A. Y. C. 1985. Coping with the threat of Westernization in Hong Kong. International Journal of Intercultural Relations, Vol: 9, pp. 351-346.
- Boulas, C. 1998. The long journey back. Asian Business. January 12. p.16
- Business Day, Bangkok. Bangkok: Financial Times Information Limited. February 16, 1999, p.1.
- Callan, J. 2002. How to Keep Operating in a Crisis: Managing a Business in a Major Catastrophe. England: Gower.
- Carbaugh, D. (Ed.). 1990. Cultural Communication and Intercultural Contact. Hillsdale, NJ: Lawrence Erlbaum.
- Chan, J. M., Ma, E. K. W., and So, C. Y. K. 1997. Back to the future: A retrospect and prospects for the Hong Kong mass media. In J. Y. S. Cheng (Ed.). Hong Kong Report, pp. 455-481. Hong Kong: The Chinese University Press.
- Chang, S. 1998. Service Sector Productivity: A Singaporean Perspective. Improving Productivity in Service Sector. Tokyo: Asian Productivity Organisation. pp.70-77.
- Cheung, G. W., and Chow, I. H. S. 1999. Subcultures in Greater China: A Comparison of managerial values in the People's Republic of China, Hong Kong, and Taiwan. Asia Pacific Journal of Management. Vol: 16, pp.369-387

- Ching, F. 2000. The Hong Kong press: A post-1997 assessment. In J. C. Haiung (Ed.). Hong Kong the Super Paradox Life After Return to China, pp.153-168. New York: St. Martin's Press.
- Chow, K. K. 1999. Recovery From Adversity – Crisis Management. Hong Kong: Wan Hon Publishing Co.
- Clammer, J. 1985. Singapore: Ideology, Society, Culture. Singapore: Chopmen Publishers.
- Cohn, R. J. 1991. Pre-Crisis Management. Executive Excellence. October, p.19.
- Coombs, W. T. 1999. Ongoing Crisis Communication: Planning, Managing, and Responding. Thousand Oaks, California: SAGE.
- Cooper, M. 1981. Crisis public relations. Public Relations Journal. November 11. pp. 52-57.
- Cox, J. 1998. Already hard-hit region virtually unprepared. USA Today, April 13, 1998. p. 3B.
- Dougherty, D. 1992. Crisis Communication. New York: Walker and Company.
- Doughty, K. (Ed.) 2001. Business Continuity Planning: Protecting Your Organisation's Life. Boca Raton, Florida: CRC Press LLC.
- Dyer, S. C. 1995. Getting people into the crisis communication plan. Public Relations Quarterly. Fall, pp. 38-41.
- Early, P.C. 1993. East meets West meets Mideast: Further explorations of collectivistic and individualistic work groups. Academy of Management Journal. Vol: 36, No: 2, pp.319-348.
- Ellis, P. 1999. Hong Kong as a complex adaptive system. Asia Pacific Business Review. Vol.: 6, No.:1, pp.34-55.
- Entrekin, L., and Pearson, C.A.L. 1997. The development of a regional business culture in South East Asia: The case of Singapore. The Management Development Journal of Singapore. Vol: 7, No: 1, pp.17-28.
- Euromonitor Plc. 1994. Asian Advertising, Marketing and Media Handbook. London: The Directory Publishers Association and the European Association of Directory Publishers.
- Fienberg, B. 1999. Communicating in a Crisis. Asian Business, January 5. p.70.
- Fink, S. 1986. Crisis Management: Planning for the Inevitable. New York: AMACOM

- Fugel, J. A. 1996. Planning Is Critical to Effective Crisis Communications. Rural Telecommunications. May/June, pp. 62-65.
- Gonzalez-Herrero, A. and Pratt, C. 1996. An integrated symmetrical model for crisis-communications management. Journal of Public Relations Review, Vol: 8, No:2, pp.79-105.
- Guarantelli, E. L., 1988. Disaster crisis management: A summary of research findings. Journal of Management Studies. Vol: 25, p. 4.
- Guth, D. 1995. Proactive crisis. IABC Communication World. October, pp.12-14.
- Harrison, G. 1994. Culture and management (cover story). Australian Accountant. November, pp.14-22.
- Haas, M. 2001. Singapore. In P. Heenan and M. Lamontagne (Eds.), The Southeast Asia Handbook, pp.67-77. London: Fitzroy Dearborn Publishers.
- Heath, R. 1998. Crisis Management for Managers and Executives. London: Financial Times Professional Ltd.
- Henderson, J. 1999. Managing the Asian financial crisis: Tourist attractions in Singapore. Journal of Travel Research, Vol: 38, pp.177-181.
- Hermann, C. F. 1963. Some consequences of crises which limit the viability of organisations. Administrative Science Quarterly. Vol: 8, pp.61-82.
- Hitchcock, D. I. 1998. Asian crisis is cultural as well as economic. Christian Science Monitor. April 9, p.19.
- Hofstede, G. 1980. Culture's Consequences: International Differences in Work-Related Values. Beverly Hills, California: SAGE.
- Hofstede, G. 1984. Cultural dimensions in management and planning. Asia Pacific Journal of Management. Vol: 1, No: 2, pp. 81-99.
- Hofstede, G. 1987. The applicability of McGregor's theories in South East Asia. Journal of Management Development. Vol: 6, No: 3, pp.9-18.
- Hofstede, G. 1991. Cultures and Organisations: Software of the Mind. London: McGraw-Hill.
- Hofstede, G., and Bond, M. 1988. The Confucius connection: from cultural roots to economic growth. Organisational Dynamics. Spring, Vol: 16, No: 4, pp. 5-21.
- Hong Kong Census and Statistics Department. 1999. Hong Kong Annual Digest of Statistics 1999 Edition, pp. 69 & 84.

- Huque, A. S., and Lee, G. O.M. 2000. Managing Public Services: Crises and Lessons from Hong Kong. Aldershot: Ashgate Publishing Ltd.
- Husain, A. 1997. Hong Kong: Structural change, integration, and economic policies. In Financial Integration in Asia and the Role of Hong Kong. Hong Kong: Hong Kong Monetary Authority. pp197-214.
- Irvine, R. B., and Millar, D. P. 1996. Debunking the stereotypes of crisis management: The nature of business crises in the 1990's. In L. Barton (Ed.), New Avenues in risk and Crisis Management, Vol: 5, pp. 51-63. Las Vega, Nevada: UNLV Small Business Development Center.
- Irwin, H. 1996. Communication with Asia – Understanding People and Customs. Sydney: Allen & Unwin.
- Janis, I.L., and Mann, L. 1977. Decision Making: A Psychological Analysis of Conflict, Choice, and Commitment. New York: Free Press.
- Kahneman, D., Slovic, P., and Tversky, A. (Eds.). 1982. Judgment Under Uncertainty: Heuristics and Biases. Cambridge, New York: Cambridge University Press.
- Kamer, L. 1997-98. Crisis planning's most important element: The Drills. Communication World. December/January, pp. 27-29.
- Khan, H. 1997. A brief assessment of Singapore's economic miracle. In Abu N. M. Wahid (Ed.). The ASEAN Region in Transition: A Socioeconomic Perspective, pp. 87-107. England: Ashgate Publishing Ltd.
- Khor, H. 1997. Economic and financial integration – Singapore's perspective. Financial Integration in Asia and the Role of Hong Kong. Hong Kong: Hong Kong Monetary Authority. pp.136-143.
- Kiesley, S. and Sproull, L. 1982. Managerial response to changing environments: Perspectives on problem sensing from social cognition. Administrative Science Quarterly. Vol: 27, pp. 548-570.
- Kreps, G. L. 1986. Organisational Communication. New York: Longman.
- Kwong, K. 2001. Singapore: Dominance of multinational corporations. In K. Kwong; L. Chau; F. T. Lui; and L. D. Qiu. (Eds). Industrial Development in Singapore, Taiwan, and South Korea, pp. 1-55. Singapore: World Publishing Co. Pte. Ltd.
- Kwong, K. 2001. Strategic considerations in the Hong Kong context. In K. Kwong; L. Chau; F. T. Lui; and L. D. Qiu. (Eds). Industrial Development in Singapore, Taiwan, and South Korea, pp. 233-264. Singapore: World Publishing Co. Pte. Ltd.

- Lagadec, P. 1990. Communication strategies in crisis situations. Industrial Crisis Quarterly. Vol: 1, pp. 19-26.
- Lagadec, P. 1993. Preventing chaos in a crisis. London: McGraw-Hill.
- Lau, B. 1987-88. Crisis Communication Planning For Organisations, Part II. NRECA Management Quarterly. Winter, pp. 25-28.
- Lee, K. M. 1999. Flexible manufacturing in a colonial economy. In Ngo, Tak-Wing. (Ed.). Hong Kong's History: State and Society Under Colonial Rule, pp. 163-179. London: Routledge.
- Lee, H. Y. H., Tummala, V. M. R., and Yam, R. C. M. 2000. Manufacturing support for Hong Kong manufacturing industries in Southern China. Journal of Supply Chain Management; Tempe. Winter, Vol: 36, No: 1, pp. 35-44.
- Lenartowicz, T. and Roth, K. 1999. A framework for culture assessment. Journal of International Business Studies. Vol: 30, No: 4, pp. 781-798.
- Leung, James. 1998. A new dawn (Cover Story). Asian Business, December. Vol: 34, No: 12, pp. 18-23.
- Lianhe Zaobao. Mass media in Singapore and Japan enjoy high credibility. April 21, 2001. p. 30.
- Lianhe Zaobao. December 13, 2002, p. 31.
- Lowe, S. 1996. Hermes revisited: A replication of Hofstede's study in Hong Kong and the UK. In C. Rowley and M. Lewis (Eds.). Asia Pacific Business Review. Special Issue: Greater China: Political Economy, Inward Investment and Business Culture. Vol.:2, No.:3, pp. 101-119.
- MacKenzie, A. 1994. Dealing with Disaster (Cover Story). Asian Business, July. Vol: 30, No: 7, pp. 20-24.
- Martin, E. F., Jr. 1996. Advertising in Hong Kong. In Frith, K. T. (Ed.). Advertising in Asia, pp. 39-72. Ames, Iowa: Iowa State University Press.
- McDonald, G. M, and Kan, P. C. 1997. Ethical perceptions of expatriate and local managers in Hong Kong. Journal of Business Ethics. Vol: 16, pp. 1605-1623.
- McGrath, R. G., MacMillan, I.C., and Scheinberg, S. 1992. Elitists, risk-takers, and rugged individualist? An exploratory analysis of cultural differences between entrepreneurs and non-entrepreneurs. Journal of Business Venturing. Vol. 7, pp. 115-135.

- Meyers, G.C. and Holusha, J. 1986. When It Hits the Fan: Managing the Nine Crises of Business. New York: Mentor Books, New American Library.
- Mileti, D. S., and Sorensen, J. H. 1987. Determinants of organisational effectiveness in responding to low probability catastrophic events. The Columbia Journal of World Business. Spring, Vol: XXII, No: 1, pp.13-21.
- Mitroff, I. I., and Anagnos, G. 2001. Managing Crises Before They Happen: What Every Executive and Manager Needs to Know About Crisis Management. New York: AMACOM.
- Mitroff, I. I., Pauchant, T., and Shrivastava, P. 1988. Conceptual and empirical issues in the development of a general theory of crisis management. Technological Forecasting and Social Change. Vol: 33, pp. 83-107.
- Mitroff, I. I., and Pearson, C.M. 1993. Crisis Management: A Diagnostic Guide for Improving Your Organisation's Crisis-Preparedness. San Francisco: Jossey-Bass Publishers.
- Mitroff, I. I., Pearson, C.M. & Harrington, K. 1996. The Essential Guide to Managing Corporate Crises. London: Oxford University Press.
- Mitroff, I. I. and Pauchant, T.C. 1990. We're So Big and Powerful Nothing Bad Can Happen to Us: An Investigation of America's Crisis Prone Corporations. New York: Carol Publishing Group.
- Nelkin, D. 1988. Risk reporting and the management of industrial crises. Journal of Management Studies, 25: 341-351.
- Nudell, M., and Antokol, N. 1988. The Handbook for Effective Emergency and Crisis Management. Massachusetts: Lexington Books.
- Ogrizek, M., and Guillery, J. 1999. Communicating in Crisis. Translated by H. Kimball-Brooke and R. Z. Brooke. New York: Aldine De Gruyter. p. 65.
- Oshins, A. 1992. Maintaining continuity during a crisis. Risk Management. Vol: 39, No: 12, p. 55.
- Paik, Y., Vance, C. M., and Stage, H. D. 1996. The extent of divergence in human resource practice across three Chinese national cultures: Hong Kong, Taiwan and Singapore. Human Resource Management Journal. Vol: 6, No: 2, pp. 20-31.
- Patterson, B. 1993. Crisis impact on reputation management. Public Relations Journal. November, Vol: 11, pp. 47-48.

- Pauchant, T. C. and Mitroff, I. I. 1992. Transforming the Crisis-Prone Organisation: Reviewing Individual Organisational, and Environmental Tragedies. San Francisco: Jossey-Bass Publishers.
- Pearson, C.A.L., Krasnostein, J.P., Entekin, L., and Winzar, H. 2000. The impact of government regulations on managerial values: Evidence from Hong Kong and Singapore. International Journal of Management. Vol: 17, No: 1, pp. 91-99.
- Pearson, C. M. and Clair, J. A. 1998. Reframing crisis management. Academy of Management Review. Vol: 23, No: 1, pp. 59-76.
- Pearson, C. M., and Mitroff, I. I. 1993. From crisis-prone to crisis prepared. Academy of Management Executive. Vol: 7, pp. 48-59.
- Perrow, C. 1984. Normal accidents: Living with high-risk technologies. New York: Basic Books.
- Pritchard, S. (Ed.). 2001. Hong Kong: A New Era. Hong Kong: Euromoney Books.
- Ralston, D. A., Gustafson, D. J., Cheung, and Terpstra, R. H. 1993. Differences in managerial values: A study of U.S., Hong Kong and PRC managers. Journal of International Business Studies. Vol: 10, No: 1, pp. 249-275.
- Ramakrishnan, M. 1998. Effects of anxiety and scarcity of resources on kiasu behaviour. Academic Exercise. Singapore: National University of Singapore.
- Reilly, A. H. 1987. Are organizations ready for crisis? A managerial scorecard. Columbia Journal of World Business. Spring, Vol: XXII, No: 1, pp. 79-88.
- Remsik, J. J. 1999. A crisis communication plan – A vital element in Y2K readiness. Direct Marketing. New York: Garden City. July, pp. 32-37.
- Roberts, K. 1990. Some characteristics of high reliability organisations. Organisation Science. Vol: 2, pp. 160-176.
- Ronen, S. and Shenkar, O. 1985. Clustering countries on attitudinal dimensions: A review and synthesis. Academy of Management Review. September, Vol: 10, No: 3, pp. 435-454.
- Rowley, C., and Fitzgerald, R. 1999. Managed in Hong Kong: Economic development, competitiveness and deindustrialisation. Asia Pacific Business Review. Vol: 6, No: 1, pp. 1-12.
- Ruidl, R. A. 1997. Five Key Areas of Crisis Communication: Hong Kong Practitioners State Their Views. Paper presented to the Third Annual Conference of the David C. Lam Institute for East-West Studies, Hong Kong.

- Saporito, B. 1994. The world's best cities for business. Fortune. No: 23, November 14, pp. 68-91.
- Schwartz, H. S. 1987. On the psychodynamics of organisational disaster: The case of the Space Shuttle challenger. The Columbia Journal of World Business. Spring, Vol: XXII, No: 1, pp.59-67.
- Sethi, S. P. 1987. Inhuman errors and industrial crises. The Columbia Journal of World Business. Spring, Vol: XXII, No: 1, pp.101-110.
- Silva, M., and McGann, T. 1995. Overdrive: Managing in Crisis-Filled Times. New York: John Wiley & Sons, Inc.
- Singapore Facts and Pictures. 2001. Singapore: Ministry of Information and The Arts.
- Singapore Yearbook 1998. 1999. Singapore: Ministry of Information and The Arts.
- Siu, W. 2000. Marketing philosophy and company performance of Chinese small firms in Hong Kong. Journal of Marketing. Winter, pp. 25-36.
- Stravens, F. 1996. Advertising in Hong Kong. In K. T. Frith (Ed.) Advertising in Asia. Ames, Iowa: Iowa State University Press. pp. 273-292.
- Shrivastava, P. 1993. Crisis theory/practice: Towards a sustainable future. Industrial and Environmental Crisis Quarterly. Vol: 7, pp. 23-42.
- Shrivastava, P., and Mitroff, I.I. 1987. Strategic management of corporate crises. The Columbia Journal of World Business. Spring, Vol: XXII, No: 1, pp. 3-11.
- Strivastava, P., Mitroff, I. I., Miller, D., and Miglani, A. 1988. Understanding industrial crises. Journal of Management Studies, Vol: 25, pp. 285-303.
- Stubbart, C. I. 1987. Improving the quality of crisis thinking. The Columbia Journal of World Business. Spring, Vol: XXII, No: 1, pp.89-99
- Sudman, Symour. 1976. Applied Sampling. New York: Academic Press.
- Tai, S. H.C., and Tam, J. L. M. 1996. A comparative study of Chinese consumers in Asian markets – A lifestyle analysis. Journal of International Consumer Marketing. Vol: 9, No: 1, pp. 25-42.
- Tan, Justin. Impact of ownership type on environment-strategy linkage and performance: Evidence from a transitional economy. Journal of Management Studies. Vol: 39, No: 3, pp. 333-354.

- Taormina, R. J. 1998. Employee attitudes toward organisational socialisation in the People's Republic of China, Hong Kong, and Singapore. The Journal of Applied Behaviour Science. Vol: 34, No: 4, pp. 468-485.
- The Straits Times. March 28, 2000. p. 2.
- The Straits Times. 2002. In a crisis, key services will go on. March 23, p.3.
- Thompson, J. D. 1967. Organisations in Action. New York: McGraw-Hill.
- Toigo, J. W. 2003. Disaster Recovery Planning: Preparing for the Unthinkable. 3rd edition. New Jersey: Prentice Hall, PTR.
- Traverso, D. K. 1993. How to develop a crisis communication plan. Occupational Hazards. March, pp. 58-61.
- Truitt, R. H., and Kelly, S. S. 1989. Battling a crisis in advance. Public Relations Quarterly. Spring, pp.6-8.
- Ulmer, R. R., and Sellnow, T. L. 2000. Consistent questions of ambiguity in organisational crisis communication: Jack in the box as a case study. Journal of Business Ethics. May, Vol: 25, No: 2, pp. 143-155.
- Vinayachandrasekaran, K., and Peterson, D. 1997. Service Sector in Asia-Pacific Economics: Status and its Productivity Enhancement. Tokyo: Asian Productivity Organisation.
- Vogel, E. 1991. The Four Little Dragons. Cambridge, Massachusetts: Harvard Business Press.
- Website of Hong Kong Special Administrative Region government:
<http://www.gov.hk/info/sar4/evview.htm>
- Website of Singapore Economic Development Board: <http://www.sedb.com>
- Weder, B. 1999. Model, Myth, or Miracle? Reassessing the Role of Governments in the East Asian Experience. Tokyo: United Nations University Press.
- Weick, K. E. 1988. Enacted sensemaking in crisis situations. Journal of Management Studies. July, Vol: 25, No: 4, pp. 305-317.
- Westwood, R. I., Posner, B. Z. 1997. Managerial values across cultures: Australia, Hong Kong and the United States. Asia Pacific Journal of Management. 14: 31-66.
- Williams, D. E. and Olaniran, B. A. 1998. Expanding the crisis planning function: introducing elements of risk communication to crisis communication practice. Public Relations Review. Vol: 24, No: 3, pp. 387-400.

- Williamson, O. E. 1975. Markets and Hierarchies. New York: The Free Press.
- Wilkinson, B. 1996. Culture, institutions and business in East Asia. Organisation Studies. Vol: 17, No: 3, pp. 421-447.
- Wimmer, B. 1999. Cool in a crisis. Asian Business, January 2. p.17.
- Wisnblit, J. Z. 1989. Crisis management planning among U.S. corporations: Empirical evidence and a proposed framework. SAM Advanced Management Journal. Spring, pp. 31-41.
- Wu, W. 1997. Chinese Journalists for the Next Millennium: Who Will They Be? A National Survey of Chinese Journalism Students. Unpublished doctoral dissertation submitted to the faculty of the University of Graduate School of Indiana University, USA.
- Xiao, J. H., Huang, W. G., and Wang, R. Z. 2001. Comparison of government reaction of Singapore and Hong Kong in face of economic downturn. Yazhou Zhoukan, October 22-28, pp. 48-50.
- Yearbook of Statistics Singapore. 2002. Singapore: Singapore Department of Statistics.
- Yearbook of Statistics Singapore. 2000. Singapore: Singapore Department of Statistics.
- Yeung, H. W. 1998. The Transnational Corporations and Business Networks: Hong Kong Firms in the ASEAN Region. New York: Routledge, p. 20.
- Yu, T. F. 1997. Entrepreneurship and Economic Development in Hong Kong. New York: Routledge.
- Yuen, C.C. E. 1998. Social-cultural context of perceptions and approaches to conflict: The case of Singapore. In K. Leung and D. Tjosvold (Eds.). Conflict Management in the Asia Pacific: Assumptions and Approaches in Diverse Cultures, pp.123-146. Singapore: John Wiley & Sons (Asia).
- York, S. 2001. Identifying a crisis: A critical factor in business continuity planning. In K. Doughty (Ed.). Business Continuity Planning: Protecting Your Organisation's Life, pp. 37-44. Boca Raton, Florida: CRC Press LLC.
- Zhang, Z. G. 2002. Hong Kong media's excessive sensationalisation weakens the government's authority. Yazhou Zhoukan. January 14-20, p. 10.

Appendix A QUESTIONNAIRE

Project Cope

INTRODUCTION

Good morning/ afternoon, I am (NAME) calling from ACNielsen, a market research company. We have been commissioned by the National University of Singapore to conduct a survey on crisis management in Singapore. Could I speak to the person who is **in charge** of crisis management?

ELABORATE

Crisis is an event which will lead to threat/ injury/ loss/ damage to (of) life/ safety/ property/ product reputation. [Crisis can arise from loss of life, injury, kidnapping, threat to safety, tampering, contamination, fire, explosion, operational errors/hazard, environmental, medical, health, profits and investment, extortion, sabotage, theft of property/databases]

PROBE

IF THE PERSON WHO ATTEND TO YOU DOES NOT KNOW WHO YOU SHOULD SPEAK TO, THEN ASK :

Can I speak to your?

- | | |
|---|---|
| MD/ Director/ General Manager (employee number less than 10) | 1 |
| General Manager/ Manager (employee number 11 - 25) | 2 |
| Admin Manager/ Human Resource Manager / Public Relation Manager (employee number 26-50) | 3 |
| Public Relation Manager / Operation Manager (employee number more than 50) | 4 |

INTRODUCTION : WHEN THE RIGHT PERSON COMES

Good morning/ afternoon, I am (NAME) calling from ACNielsen, a market research company. We have been commissioned by the National University of Singapore to conduct a survey on crisis management in Singapore*.

Screenener

SHOWCARD

- S1. May I know which one of the following describes your role in a crisis ?
Please describe.

- | | |
|--|------------------------------------|
| I make the final decision in a crisis situation | 1 |
| I vote on the committee in a crisis situation | 2 |
| I influence the decisions made in a crisis situation | 3 |
| None of the above | 9 (GO BACK TO INTRODUCTION) |

IF RESPONDENT QUALIFIED:

We would like to arrange to have an interview with you. The interview would take about 30 minutes. As a token of our appreciation, we can share with you the findings of the study by sending you a copy of the Executive Summary report.

First I would like to gather some general information.

- S2. Please state your job designation.

- S3. Which department do you belong to?

- S4. How long have you been in this position?

_____ years

- S5. How long have you been with this company?

_____ years

* The word Singapore was to be replaced with Hong Kong when the survey was conducted in the latter.

S6. Would you classify yourself as

Senior level manager	1
Middle level manager	2
Lower level manager	3

Perception of Crisis

Q1. What kind of situations would your company consider as a crisis, that is, how does your company define a crisis?

PROBE : What consequences must it bring about to be labelled as a crisis in your company?

Q2. Has your company had a crisis in the past 5 years?

Yes	1	<input type="checkbox"/>	GO TO Q3
No	2		
Don't Know	99		

IF YES :

i) How many crises?

ii) In what ways, if any, has your company learnt from these crises?

PROBE: What changes, if any, were made in the company as a result of these crises?

Q3. In your opinion, do you think it is within the control of a company to prevent a crisis from happening?

Yes	1
No	2
Don't Know	99

SHOWCARD

Q4. In comparison with the U.S., do you think a typical company operating in Singapore is likely to experience a crisis? Is it?

More likely	1
Less likely or	2
Has about the same likelihood	3
Don't know	99

Q5. With regard to your earlier answer, why do you say so?

SHOWCARD

Q6. How likely do you think your company will face a crisis:

i) During this year?

ii) Within the next 3 years?

	During this year	Within the next 3 years
Less than 50% chance	1	1
50% chance	2	2
More than 50% chance	3	3
Don't know	99	99

DROPCARD

Q7. Please rank the following list of crisis types from 1 (Most likely to happen) to 5 (Least likely to happen) on the likelihood of that type of crisis affecting your company:

	Most likely to happen		Least likely to happen		
1. People (loss of life, injury, kidnapping)	1	2	3	4	5
2. Product (safety, tampering, contamination)	1	2	3	4	5

3. Process (fire, explosion, operational errors)	1	2	3	4	5
4. Issues (environmental, medical or health, profits and investment)	1	2	3	4	5
5. Security (extortion, sabotage, theft of property/databases)	1	2	3	4	5

DROPCARD

Q8. In your opinion, when would you say a crisis has been handled well, ranking the following from 1 (Not at all important) to 6 (Extremely important):

	Not at all important			Extremely important		
1. Does not make the news headline for too long	1	2	3	4	5	6
2. Resumes normal operations quickly	1	2	3	4	5	6
3. Has spent the minimal sum of money	1	2	3	4	5	6
4. Does not lose market share during and after crisis	1	2	3	4	5	6
5. Increases morale of employees	1	2	3	4	5	6
6. Maintains goodwill of the public	1	2	3	4	5	6

SHOWCARD

Q9. Please indicate the confidence level that you believe your company can respond well to a crisis. Would you say you are:

Not at all confident			Extremely confident			
1	2	3	4	5	6	7

Planning for Crisis

Q10. Does your company plan for crises?

Yes	1	(GO TO Q12)
No	2	(GO TO Q11)
Don't Know	99	(GO TO Q15)

Q11. Why does your company not plan for crisis? (GO TO Q15)

Q12. Why does your company think it is necessary/ important to plan?

Q13. Is the CEO /Chairman of your company involved in planning for crisis?

Yes	1
No	2
Don't know	99

SHOWCARD

Q14. What crises does your company plan for?

People (loss of life, injury, kidnapping)	1
Product (safety, tampering, contamination)	2
Process (fire, explosion, operational errors)	3
Issues (environmental, medical or health, profits and investment)	4
Security (extortion, sabotage, theft of property/databases)	5

SHOWCARD

Q15. On a scale from 1 (Not at all knowledgeable) to 7 (Extremely knowledgeable),

(i) To what extent do you think the average employee in your company is knowledgeable about his or her role in a crisis?

Not at all knowledgeable						Extremely knowledgeable
1	2	3	4	5	6	7

(ii) To what extent do you think the top management in your company is knowledgeable about his or her role in a crisis?

Not at all knowledgeable						Extremely knowledgeable
1	2	3	4	5	6	7

SHOWCARD

- Q16. On a scale from 1 (Not very much) to 7 (A great deal),
- (i) How much time does your company spend on researching crises of other companies with similar or related business as your company?

Not very much						A great deal
1	2	3	4	5	6	7

SHOWCARD

- (ii) How much time on average do you think companies in Singapore spend on researching crises of other companies?

Not very much						A great deal
1	2	3	4	5	6	7

CRISIS MANAGEMENT PLAN

SHOWCARD

- Q17. On a scale from 1 (Not very much) to 7 (A great deal), how important do you think a crisis plan is for your company?

Not very much						A great deal
1	2	3	4	5	6	7

DROPCARD

- Q18. Please rank the following general objectives of having a crisis plan from 1 (Most important) to 7 (Least important) on importance:

	Least Important			Most important		
1. Early identification of potential crisis	1	2	3	4	5	6
2. Quick isolation of a crisis should it occur	1	2	3	4	5	6
3. Efficient management of an occurring crisis	1	2	3	4	5	6
4. Consistency of response across the company	1	2	3	4	5	6
5. Clear delegation of responsibilities during crisis	1	2	3	4	5	6
6. Assured continuation of business during crisis	1	2	3	4	5	6
7. Limitation of damage done by crisis	1	2	3	4	5	6

- Q19. Does your company already have a written crisis plan for responding to crisis?

Yes	1	(GO TO Q20)
No	2	(GO TO 23)
Don't Know	99	(GO TO Q23)

SHOWCARD

Q20. Who designed this crisis plan?

Outside consultant/s	1
In-house department only	2
In-house department with the help of outside consultant/s	3

SHOWCARD

Q21. Does your company's crisis plan specify the following?

	Yes	No	Don't Know
1. How to determine a crisis has occurred	1	2	3
2. How to judge the impact of the crisis on the company	1	2	3
3. The sequence of steps to take under specific circumstances	1	2	3
4. A chain of command	1	2	3
5. A crisis control centre	1	2	3
6. Members of a crisis management team	1	2	3
7. How to communicate the crisis to various stakeholders	1	2	3
8. Media contacts	1	2	3
9. A contingency plan for handling the disruption of operations such as alternative manufacturing facilities	1	2	3
10. Others (Please specify: _____)			

SHOWCARD

Q22. How often does your company conduct crisis drills or simulation exercises based on the crisis plan?

Once in more than 2 years	1
Once every 2 years	2
At least once every year	3
Never	4
Don't know	99

HR Issues in Crisis Preparation

Q23. Does your company have a crisis management team (CMT)?

Yes	1	(GO TO Q24)
No	2	(GO TO 27)
Don't Know	99	(GO TO Q27)

SHOWCARD

Q24. How many members are there in the CMT?

Less than 5	1
5-9	2
10-14	3
15-20	4
More than 20	5
Don't know	99

SHOWCARD

Q25. Which of the following departments or areas do the team members represent?

Corporate Communications / Public or Media Relations	1
Security	2
Production / Operations	3
Legal	4
Human Resource / Personnel	5
Land / Property Management	6
Finance	7
IT Department	8
Health & Safety	9
Marketing & Sales	10
Customer Service	11
Logistics & Distribution	12
Engineering	13
Business Planning Group	14
CEO	15
External stakeholders e.g. government and key customers	16
Others (Please specify: _____)	17

Q26. Who is Head of the CMT?

(i) Job designation

(ii) Which department does he /she come from?

Q27. If the designated Head is not available when a crisis happens, is there any back-up person to take over his duties and responsibilities?

Yes	1
No	2
Don't know	99

Q28. Does your company train employees to prepare them for crises?

Yes	1	(GO TO Q29)
No	2	(GO TO Q30)
Don't know	99	(GO TO Q30)

SHOWCARD

Q29. How much time is spent in training the employees to prepare for crises, expressed as a percentage of the total time of overall training?

Less than 5%	1
Equal to or more than 5% but less than 10%	2
Equal to or more than 10% but less than 20%	3
Equal to or more than 20%	4
Don't know	99

Public Relations and Communications During Crisis

SHOWCARD

Q30. On a scale from 1 (Not very much) to 7 (A great deal), to what extent would a crisis affect the public image of a company in Singapore?

Not very much							A great deal
1	2	3	4	5	6	7	

Q31. What is your reason for assigning this score (in Q30)?

SHOWCARD

- Q32. On a scale from 1 (Extremely hostile) to 7 (Extremely understanding), to what extent do you think the attitudes of Singapore news media would be to a company like yours during a crisis?

Extremely hostile							Extremely understanding	
1	2	3	4	5	6	7		

- Q33. What is your reason for assigning this score (in Q32)?

SHOWCARD

- Q34. On a scale from 1 (Extremely hostile) to 7 (Extremely understanding), to what extent do you think the general public in Singapore would be hostile to a company like yours during a crisis?

Extremely hostile							Extremely understanding	
1	2	3	4	5	6	7		

- Q35. What is your reason for assigning this score (in Q33)?

DROPCARD

- Q36. From the following list, rank from 1 (Least important) to 11 (Most important), the traits a communications member of a typical Singapore company crisis team should have?

	Least important					Most important				
	1	2	3	4	5	6	7	8	9	
1. Commanding credibility										

2. Communicating clearly	1	2	3	4	5	6	7	8	9
3. Dealing with great ambiguity	1	2	3	4	5	6	7	8	9
4. Listening attentively	1	2	3	4	5	6	7	8	9
5. Working long hours	1	2	3	4	5	6	7	8	9
6. Being a good team player	1	2	3	4	5	6	7	8	9
7. Having an analytical mind	1	2	3	4	5	6	7	8	9
8. Having a sense of humour	1	2	3	4	5	6	7	8	9
9. Having a sense of sympathy for victims	1	2	3	4	5	6	7	8	9
10. Having the ability to stay calm	1	2	3	4	5	6	7	8	9
11. Knowing what the media wants	1	2	3	4	5	6	7	8	9

SHOWCARD

Q37. In your knowledge, what percentage of Singapore companies do you think have a trained spokesperson for crisis situations?

Less than 10%	1
10 –29%	2
30-50%	3
50- 100%	4
Don't know	99

DROPCARD

Q38. Please rank the following communication principles, from 1 (Least important) to 9 (Most important), on their importance to a corporate spokesperson during a crisis:

	Least important					Most important				
1. Aware of misinformation	1	2	3	4	5	6	7	8	9	
2. Being proactive	1	2	3	4	5	6	7	8	9	
3. Being visible	1	2	3	4	5	6	7	8	9	
4. Clarity	1	2	3	4	5	6	7	8	9	
5. Consistency	1	2	3	4	5	6	7	8	9	
6. Cooperative	1	2	3	4	5	6	7	8	9	
7. Factual	1	2	3	4	5	6	7	8	9	
8. Honesty	1	2	3	4	5	6	7	8	9	
9. Showing compassion	1	2	3	4	5	6	7	8	9	
10. Timely	1	2	3	4	5	6	7	8	9	

DROPCARD

Q39. Please rank the following list of target audiences from 1 (Least important) to 9 (Most important) on their importance to your company during a crisis:

	Least important					Most important			
1) Customers	1	2	3	4	5	6	7	8	9
2) Employees	1	2	3	4	5	6	7	8	9
3) Governmental representatives	1	2	3	4	5	6	7	8	9
4) Investors	1	2	3	4	5	6	7	8	9
5) Key executives	1	2	3	4	5	6	7	8	9
6) Labour officials	1	2	3	4	5	6	7	8	9
7) Community leaders	1	2	3	4	5	6	7	8	9
8) Media	1	2	3	4	5	6	7	8	9
9) Suppliers	1	2	3	4	5	6	7	8	9

Q40[^] Could you use a few sentences to describe the word *Kiasu*? In other words, what does it mean to you?

SHOWCARD

Q41[^]. What do you think of the implication of the mentality of *Kiasu* for crisis management? Would you say it is

Not at all helpful	1
Not quite helpful	2
Making no difference	3
Quite helpful	4
Very helpful	5

Q42. Why do you say so?

[^] From Questions 40 and 41, the Italic word *Kiasu*, used in Singapore only, is replaced by *Mojupshie* when the questionnaire is used in Hong Kong.

Particulars of Company

For an MNC, the company in question refers to the part of the organisational body operating in Singapore.

SHOWCARD

Q43. Please tick the industry / sector which the company belongs in:

High-Risk Category:

1. Pharmaceutical and chemical
2. Manufacturers
3. Banks, financial institutions, credit unions, trading institutions
4. Technologically sensitive firms e.g. software development, ammunition control and biotechnology
5. Public transportation e.g. airlines, railroads, and bus and subway systems
6. Hotels and motels, lodging houses, apartment buildings
7. Nuclear power plants
8. Food producers and distributors
9. Nightclubs and casinos
10. Government agencies
11. Amusement parks, resorts
12. Public personalities e.g. politicians, entertainers
13. Soft drink and juice manufacturers
14. Helicopter, raft, shuttle boat, and pleasure craft renting
15. Real estate developers
16. Public and private utilities and airports
17. Builders, roofers, concrete suppliers and structural engineering co.s

Medium-Risk Category:

18. Universities, hospitals, nonprofit agencies, churches, museums
19. Food and retail concerns
20. Petroleum manufacturers and distributors
21. Telecommunication co.s
22. Household product manufacturers
23. Packaging plants
24. Computer manufacturers and distributors
25. Engine and heavy metal manufacturers
26. Elevator manufacturers
27. Physicians, dentists and other medical professionals
28. Aerospace interests
29. Mall and shopping centre operators
30. Health clubs, YMCAs, YWCAs, zoos, preschools
31. Restaurants and fast-food chains
32. Personal hygiene product manufacturers (tampons, lotions etc.)
33. Harvesting interests e.g. fishing co.s and farming concerns
34. Liquor, beer and wine, cigarette concerns

Low-Risk Category:

35. Insurance agencies
36. Foundations, charitable trusts, special interest and community groups
37. Radio, television and cable broadcasters
38. Certified public accountants
39. Photography and film manufacturers and distributors
40. Apparel manufacturers

41. Neighbourhood businesses e.g. hairdressers, pet shops, video rental co.s, dry cleaners, travel agencies, real estate offices
42. Newspaper, magazine and book publishers; commercial printers
43. Repair shops for automobiles and consumer products
44. Nurseries, plant and lawn businesses
45. Law firms
46. Fraternal, ethnic and social organizations
47. Consulting firms
48. Car rental co.s
49. Mail order and catalog co.s
50. International agencies e.g. UNESCO, World Bank
51. Graphic design, interior decorating, architectural firms
52. Research, data collection, survey, and demographics firms
53. Others, please specify _____

SHOWCARD

Q43. Annual pre-tax revenue: (S\$)

Under \$100,000	1
Between \$100,000 - \$999,999	2
Between \$1,000,000 – \$9,999,999	3
Between \$10,000,000 – \$49,999,999	4
Over \$50,000,000	5
Don't know	99

SHOWCARD

Q44. Total number of employees in the company: (Please tick one)

Less than 25	1
25 - 49	2
50 - 99	3
100 – 199	4
200 – 299	5
300 - 499	6
500 or more	7

Q45. Home base of organisation:

Local (Singapore)	1
Singaporean MNC	2
Foreign MNC	3

(Please specify country of origin: _____)

SHOWCARD

Q46. How long has the company been operating in Singapore (since it was registered in Singapore)?

Less than 3 years	1
3 - 5 years	2
6 - 10 year	3
11 - 20 years	4
21 - 40 years	5
More than 40 years	6

- END OF INTERVIEW -